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 ORIGINAL
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 SOUTHERN DISTRICT OF CALIFORNIA
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UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF CALIFORNIA

AXON SOLUTIONS, INC., a Delaware
 corporation,

Plaintiff,

v.

SAN DIEGO DATA PROCESSING
 CORPORATION, a California publicly
 owned corporation; and the CITY OF SAN
 DIEGO, a chartered political subdivision of
 the State of California,

Defendants.

CASE NO. '09 CV 2543 JM RBB

COMPLAINT FOR:

- 1) BREACH OF CONTRACT;
- 2) MISAPPROPRIATION OF TRADE SECRETS;
- 3) COPYRIGHT INFRINGEMENT;
- 4) DECLARATORY RELIEF;
- 5) QUANTUM MERUIT;
- 6) GOODS AND SERVICES SOLD AND DELIVERED; AND
- 7) ACCOUNT STATED

AND

DEMAND FOR JURY TRIAL

Plaintiff AXON SOLUTIONS, INC. ("AXON") alleges:

I.
JURISDICTION AND VENUE

1. This Court has original jurisdiction of this action under 28 U.S.C. §§ 1331 and 1338(a) as a result of the Copyright infringement claim, diversity jurisdiction pursuant to § 1332, and this Court has supplemental jurisdiction over pendent state law claims pursuant to 28 U.S.C.

Ropers Majeski Kohn & Bentley
 A Professional Corporation
 San Jose

CR

§ 1367(a). The Court also has jurisdiction over the subject matter of the related claims pursuant to Section 1338(b) because those claims are joined with substantial and related claims brought under the Copyright Act and this Court's pendent jurisdiction. Venue is proper in this district under 28 U.S.C. §§ 1391 and 1400(a). Furthermore, the written agreement that is the subject of this litigation expressly provides that it shall be governed by the laws of the State of California, and shall be subject to the exclusive jurisdiction of the state or federal courts having jurisdiction over San Diego County, California.

II. PARTIES

2. Plaintiff AXON is a Delaware corporation with its principal place of business at 15 Exchange Place, Suite 730, Jersey City, NJ 07302, and is in the business of, among other things, providing business and computer consulting services, software product development, implementation, and application management services. AXON is authorized to conduct business in California. Its consultants and employees bring in-depth industry expertise alongside best practice functional knowledge to address the strategic, operational, information management and organizational effectiveness challenges faced by organizations today. AXON is renowned for its global ability to help clients define more ambitious strategies, build more effective organizations and shape more successful futures.

3. Defendant SAN DIEGO DATA PROCESSING CORPORATION ("SDDPC") is a California non-profit publicly owned corporation with its principal place of business at 5975 Santa Fe Street, San Diego, CA 92109. On behalf of the CITY OF SAN DIEGO, SDDPC is in the business of providing information systems and telecommunication services to city divisions and departments. On information and believe and thereon alleged, SDDPC is wholly owned by the CITY OF SAN DIEGO.

4. Defendant CITY OF SAN DIEGO (the "CITY") is, and at all times herein mentioned was, a chartered political subdivision of the State of California, who essentially owns, manages and controls SDDPC, transacts the CITY's technology and telecommunications business through SDDPC, and the CITY is responsible for all outstanding debts owed by SDDPC.

5. At all times herein, SDDPC was and is the agent of the CITY, and in doing the things hereinafter alleged, was acting within the course and scope of its authority as an agent of the CITY, and as an agent acted in concert with the CITY including by way of permission, consent, and ratification of the CITY. In fact, the CITY, at all times herein mentioned, has expressly represented in written Request for Proposals ("RFPs") for vendors' services, including those of AXON, that SDDPC is wholly owned and controlled by the CITY.

III. BACKGROUND INFORMATION AND FACTS

6. In 2007, the CITY, by and through SDDPC, determined that the City's computer systems were outdated and decided to upgrade said systems through the purchase/license of the "mySAP ERP 2005" application to integrate and transform its financial and human resources processes, operations and systems. Specifically, the major software systems used by the CITY's Department of Finance and Business and Support Services no longer met the CITY's requirements for financial management, human resources management and Information Technology ("IT") operational efficiency.

7. Implementation and use of the "mySAP ERP 2005" application required Defendants to hire a computer software implementation company, such as Plaintiff AXON, to integrate the mySAP ERP software and link it to the various CITY departments, by the use of AXON's pre-existing intellectual property ("Pre-existing IP"), newly created deliverables including custom developed software, and related IT services. By such implementation, the CITY/SDDPC would be able to promote effective and efficient management of the CITY's financial data and the preparation of timely and accurate Comprehensive Annual Financial Reports, among other things.

8. The CITY/SDDPC sought out AXON, among others, to perform said development, implementation and IT professional services. On September 28, 2007, AXON and the CITY/SDDPC entered into a Master Services Agreement ("MSA") by which AXON agreed to provide the CITY/SDDPC with a range of requested professional computer software services, including the development of newly created custom deliverables for implementation, integration,

consulting, and software enhancement of the “mySAP ERP 2005” software application for use by the CITY. This included, for example, modules for Grants Management, Financials (Accounts Payable, Accounts Receivable, General Ledger, etc.), Procurement, Inventory Management, Sales and Distribution, Governance, Risk and Compliance, Human Capital Management, Payroll, Financial Planning, Budgeting and Forecasting, Tax, Collections and Disbursements.

9. Pursuant to and subject to the terms of the MSA, AXON and SDDPC executed the “mySAP ERP Implementation: Statement of Work” (“SOW”) which was attached as Exhibit A to the MSA and incorporated therein. The SOW details the services and custom deliverables AXON agreed to provide to the CITY/SDDPC, as well as the pricing and payment plan for those services and deliverables pursuant to which AXON agreed to provide said services and deliverables. As detailed above, this included services across the Finance, Purchasing and Human Capital Management functions for the CITY. True and correct copies of the MSA and SOW are collectively attached hereto as *Exhibit 1*. The amount payable to AXON by the CITY/SDDPC under the MSA was a fixed price of Sixteen Million, Nine Hundred and Fifty-one, Seven Hundred Eight-six dollars (\$16,951,786.00) for the services, deliverables, and development work performed in support of and to integrate and implement the mySAP ERP application. Payment to AXON was to be made by the CITY/SDDPC in accordance with the milestones payment structure set forth in the attached SOW.

10. As set forth in detail below, for more than one year, AXON provided substantial and material services and deliverables in accordance with the MSA and SOW which were accepted by the CITY/SDDPC. This included development of custom deliverables such as: Role Mapping, Training Needs Analysis, Training Schedule, Role Leaflets, Manager Cascade, Rules of the Game, Role Handbooks, Role Transition Guides, Skills Matrix/Gap Analysis, Training Manuals, Quick Reference Cards, Communications Plans, Vision Roadshows, Future Rooms/SAP Cafes and Count-Down Posters/Fact Cards. It also included implementation projects known as “ZBENEFIT” and “ZEPRD” which are being continuously used to this day by the CITY. The CITY/SDDPC was also provided the use of AXON’s Pre-existing IP, including

1 Project Management, Project Team Knowledge Transfer, Development Tracking Integration,
 2 Data Migration, Infrastructure, Testing, Organizational Change and Training (Ex. A (SOW, pgs.
 3 97-98). Further, the CITY/SDDPC was provided the use of AXON's proprietary software
 4 program known as the Axon Project Support Environment application ("APSE"). APSE was, and
 5 on information and belief, is used by the CITY/SDDPC as a repository for project documentation,
 6 to enable key project management process, including deliverable status management, deliverable
 7 review and sign-off, issue and risk management, training scheduling, communications
 8 management, business case management, FRICE-W Management, testing management,
 9 development tracking elements of online functional and technical specifications with global
 10 access, status management of development items, development and programming standards, and
 11 project integration.

12 11. On November 19, 2008, however, the CITY directed SDDPC to immediately
 13 terminate the MSA for "convenience" pursuant to Section 2.2 of the MSA. Section 2.2 and
 14 Article 5 of the MSA provide that the CITY/SDDPC can, with 30 calendar days' advanced
 15 written notice, terminate the agreement for "convenience" *subject to* payment of all AXON
 16 outstanding invoices for work completed, payment for any work in progress but not yet
 17 completed, and also AXON's wind-down costs. On November 20, 2008, the CITY's Chief
 18 Financial Officer and Comptroller reported to the San Diego City Council its decision to
 19 terminate the AXON MSA for convenience. On November 24, 2008, the CITY/SDDPC provided
 20 AXON with formal notice of termination for convenience pursuant to Section 2.2 of the MSA,
 21 with said termination to be effective December 19, 2008. True and correct copies of the
 22 November 20, 2008, memorandum and November 24, 2008, termination notice are collectively
 23 attached hereto as *Exhibit 2*.

24 12. Pursuant to Article 5 of the MSA, the CITY's/SDDPC's exercise of their rights to
 25 terminate AXON for convenience requires that all completed work and work in progress through
 26 December 19, 2008, be timely and immediately paid within thirty (30) days.

27 13. By terminating the MSA for convenience, not "cause," (which requires a written
 28 detailed notice of the default and a right to cure, among other things), the CITY/SDDPC accepted

all previously completed work and work in progress up to the effective date of said termination for convenience and cannot now dispute that AXON is entitled to full compensation for: 1) the holdback payments on deliverables that were accepted and signed off by the CITY/SDDPC prior to the notice of termination; 2) the fully completed and partially completed deliverables that were provided to the CITY/SDDPC on or before December 19, 2008; and 3) the wind-down costs incurred as a result of Defendants' early termination of the MSA and SOW. AXON is also entitled to the accrued interest on said outstanding holdback payments, the amounts owed for the fully completed and partially completed deliverables, and wind-down costs since January 2009. Each is discussed separately below.

A. AXON was and is entitled to holdback payments in the amount of \$598,603

14. The MSA was a fixed-price contract, and the amounts payable to AXON by the CITY/SDDPC were based on a series of "milestone payments" as set forth in the SOW. The SOW divided the milestones into two phases.¹ The first phase included deliverables 1-1 through 1-11 and the second phase included deliverables 2-1 through 2-11. In addition to milestone payments, the SOW provides that AXON was entitled to specific "holdback payments" upon the CITY's/SDDPC's acceptance of the deliverables. At the time the CITY/SDDPC terminated the MSA for convenience, AXON had already completed milestones/deliverables 1-1, 1-2, 1-3, 1-5, 2-1, 2-2, and 2-4 and the CITY/SDDPC accepted such milestones/deliverables. The holdback amounts for these deliverables are as follows:

Milestone	Description	SOW amount	SOW holdback amount
1-1	Project Preparation Completion	\$168,651	\$18,202
1-2	Requirements Workshops Completed	\$724,796	\$78,227
1-3	Draft Blueprint Complete	\$851,716	\$91,925
1-5	Realization - Baseline Configuration Complete	\$1,349,216	\$145,620
2-1	Requirements Workshops Completed	\$663,194	\$71,073
2-2	Draft Blueprint Complete	\$748,267	\$80,190
2-4	Realization - Baseline Configuration Complete	\$1,057,845	\$113,367
	Total:		\$598,603

¹ The SOW also included a third phase which was an optional fixed price component for the implementation of additional services and deliverables. AXON did not perform any work involving the third phase, and therefore it is not relevant to this dispute.

15. The CITY/SDDPC signed off, accepted, and compensated AXON, in part, for these milestones/deliverables. Since the MSA was terminated for convenience, not for cause, the CITY/SDDPC is estopped from claiming any deficiencies in these milestones/deliverables and, in fact, waived any such claim by issuing a final acceptance and approval of these milestones/deliverables. Acceptance of these milestones/deliverables entitles AXON to immediate payment of the Five Hundred Ninety-eight Thousand, Six Hundred and Three dollars (\$598,603) in holdback amounts in addition to accrued interest.

B. AXON was and is indisputably owed \$3,997,100 for Deliverables partially completed on or before November 21, 2008, when the CITY/SDDPC terminated the MSA/SOW for convenience

16. At the time the CITY/SDDPC provided AXON with the notice of termination for convenience, the CITY/SDDPC was fully aware of the status of and had access to each of the partially completed deliverables created and developed by AXON. The City/SDDPC were fully aware of status of development by accessing detailed information regarding such partially completed deliverables through use of APSE, the proprietary software program developed by AXON, which allowed the CITY/SDDPC to monitor the progress of all deliverables being created by AXON at any time. The logs from the APSE program show that the CITY/SDDPC used and accessed APSE through at least June 2009. As of November 21, 2008, the status of the partially completed deliverables/milestones was as follows:

Milestone	Description	SOW amount	SOW holdback amount	Percent complete as of 11/21	Amount owed as of 11/21
1-4	Blueprint Phase Complete	\$678,720	\$73,254	90%	\$676,777
1-6	Realization - Final Configuration Complete	\$661,166	\$71,359	90%	\$659,273
1-7	Realization Phase Complete	\$1,451,399	\$156,648	40%	\$643,219
2-3	Blueprint Phase Complete	\$549,752	\$58,916	90%	\$547,801
2-5	Realization - Final Configuration Complete	\$566,371	\$60,697	40%	\$250,827
2-6	Integration Test Complete	\$1,054,111	\$112,966	33%	\$385,136
2-7	Realization Phase Complete	\$533,940	\$57,221	40%	\$235,464
	TOTAL				\$3,398,497

1 17. Since these deliverables/milestones were not 100% complete when the
 2 CITY/SDDPC issued their notice of termination for convenience, AXON had not yet requested
 3 any payments from the CITY/SDDPC for these partially completed deliverables/milestones.
 4 However, while the CITY/SDDPC could terminate the contract for convenience with 30 days'
 5 written notice, the MSA requires the CITY/SDDPC to pay for all work in progress at the time of
 6 said termination, which as of November 21, 2008, totaled Three Million, Three Hundred Ninety-
 7 eight Thousand, Four Hundred Ninety-seven Dollars (\$3,398,497). Together with all holdbacks
 8 detailed above of \$598,603, CITY/SDDPC indisputably owed AXON Three Million, Nine
 9 Hundred Ninety-seven Thousand, One Hundred Dollars (\$3,997,100) as of November 21, 2008,
 10 when CITY/SDDPC terminated the MSA/SOW for convenience.

11 **C. AXON was and is indisputably owed \$4,863,028 that includes the holdback amounts,**
 12 **the additional partially and fully completed Deliverables provided to the**
 13 **CITY/SDDPC on or before December 19, 2008, and wind-down costs**

14 18. After notification of the termination for convenience, CITY/SDDPC instructed
 15 AXON to perform additional work between November 21, 2008 and December 19, 2008. AXON
 16 and the CITY/SDDPC regularly discussed the status of the deliverables and how to best transition
 17 the project through December 19, 2008, including review and payment for the partially completed
 18 deliverables. After notifying AXON that the CITY/SDDPC were terminating the MSA/SOW for
 19 convenience, the CITY/SDDPC reviewed the status of the deliverables and instructed AXON to
 20 work toward accomplishing 100% completion of deliverables that were already at 90%
 21 completion. These included deliverables 1-4, 1-6, and 2-3 as evidenced in Paragraph 17 above.
 22 Additionally, the CITY/SDDPC instructed AXON to complete certain "realization objectives"
 23 within deliverables/milestones 1-7, 2-5, and 2-7 by December 19, 2008.

24 19. As a direct result of these instructions to complete these deliverables, AXON
 25 continued working on the project based on the CITY's/SDDPC's representations that AXON
 26 would be fully compensated for the holdback amounts and already completed and partially
 27 completed deliverables provided to the CITY/SDDPC on or before December 19, 2008.

28 20. As requested by Defendants, on December 19, 2008, AXON accomplished 100%
 completion of deliverables/milestones 1-4, 1-6, and 2-3. AXON also increased the percentage of

completion of deliverables/milestones 1-7 from 40% to 67%, and increased the percentage of completion of 2-5 and 2-7 from 40% to 52% as specifically requested by Defendants. The amounts owed by the City/SDDPC for the work performed from November 21, 2008 to December 19, 2008 totals \$790,677. Therefore, as of December 19, 2008, the percentages of completion for the milestones/deliverables and the amounts due and owing therefore was as follows:

Milestone	Description	SOW amount	SOW holdback amount	Percent complete as of 11/21	Percent complete as of 12/19	Amount Owed as of 12/19
1-4	Blueprint Phase Complete	\$678,720	\$73,254	90%	100%	\$751,974
1-6	Realization - Final Configuration Complete	\$661,166	\$71,359	90%	100%	\$732,525
1-7	Realization Phase Complete	\$1,451,399	\$156,648	40%	67%	\$1,077,392
2-3	Blueprint Phase Complete	\$549,752	\$58,916	90%	100%	\$608,668
2-5	Realization - Final Configuration Complete	\$566,371	\$60,697	40%	52%	\$326,075
2-6	Integration Test Complete	\$1,054,111	\$112,966	33%	33%	\$385,136
2-7	Realization Phase Complete	\$533,940	\$57,221	40%	52%	\$307,404
TOTAL						\$4,189,174

21. AXON also incurred Seventy-five Thousand, Two Hundred Fifty-one Dollars (\$75,251) in non-recoverable expenses associated with cancellation of travel and living arrangements that were pre-purchased and necessary for the completion of its scope of work under the MSA/SOW. The CITY's/SDDPC's termination of the contract provides that AXON is entitled to recover the Seventy-five Thousand, Two Hundred Fifty-one Dollars (\$75,251) pursuant to Section 2.2 of the MSA. AXON notified the CITY/SDDPC that it was entitled to reimbursement of these costs and suggested that the CITY/SDDPC could mitigate these costs by having SAP, the new project lead that was taking over for AXON, use the apartments that had been previously leased by AXON employees. *See Exhibit 5, infra.*

22. As discussed in detail below, on December 19, 2008, AXON requested payment of \$598,603 for all holdback amounts, \$4,189,174 for the 100% and partially completed deliverables provided to the CITY/SDDPC on or before December 19, 2008, plus \$75,251 in wind-down costs (discussed below) for a total of Four Million, Eight Hundred Sixty-three Thousand, Twenty-eight Dollars (\$4,863,028). The CITY/SDDPC has waived any right to claim the deliverables/milestones were defective because to this day CITY/SDDPC has never provided AXON with a detailed description of any claimed error or defect in these milestones/deliverables or an opportunity to cure as required by the MSA. In fact, had the CITY/SDDPC terminated for "cause" instead of convenience, there would have been an entirely different protocol and contract obligations for the City/SDDPC, including specific detailed notice of the purported "repeated and material defaults" in performance under the MSA/SOW, and a mandatory "right to cure" (see Ex. A (MSA), § 2.3).

23. Although the CITY/SDDPC led AXON to believe these amounts would be paid in full by and through their direct representations, the CITY/SDDPC have refused to issue any payment despite continuing to use all of AXON's deliverables and partially completed deliverables as well as the Axon's Pre-existing IP including the APSE application.

D. CITY/SDDPC is estopped from disputing AXON is entitled to \$5,592,482 based on their express representations during the termination notice period and thereafter

24. On November 19, 2008, the CITY confirmed that AXON was entitled to the full amounts owed by the CITY/SDDPC for 100% completion of milestones/deliverables 1-4, 1-6, and 2-3. A true and correct copy of the November 19, 2008, correspondence from the CITY to AXON, admitting the amounts owed, is attached hereto as **Exhibit 3**. The CITY's/SDDPC's obligation to compensate AXON for the work it was continuing to perform under the MSA as instructed by the CITY/SDDPC is also confirmed by the CITY's/SDDPC's agenda for the November 25, 2008, meeting, which was to discuss, among other things, the amounts that would be owed to AXON for deliverables/milestones and wind-down costs as of December 19, 2008. A true and correct copy of the November 25, 2008 agenda is attached hereto as **Exhibit 4**.

25. During the November 25, 2008 meeting, the CITY/SDDPC requested that AXON

1 respond to the issues addressed in the meeting, including a complete summary of the estimated
2 percentages of completion of the deliverables/milestones by December 19, 2008. On
3 November 29, 2008, AXON provided the CITY/SDDPC with said detailed summary of the
4 deliverables/milestones, including percentages of completion, amounts owed therefore, including
5 holdback amounts. AXON also identified certain wind-down costs that it was entitled to
6 reimbursement for as a result of the early termination of the contract and made suggestions to the
7 CITY/SDDPC on ways to reduce those costs. A true and correct copy of the November 29, 2008,
8 summary of deliverables/milestones and estimated payments therefore is attached hereto as
9 ***Exhibit 5.***

10 26. On December 2, 2008, the CITY/SDDPC and AXON had a meeting to discuss the
11 November 29, 2008 status of the deliverables/milestones, the estimated amounts that would be
12 owed by the CITY/SDDPC as of December 19, 2008, and other issues related to AXON's
13 transition from project lead to serving as a subcontractor through SAP on the same continuing
14 project. The CITY/SDDPC did not dispute these amounts or otherwise give AXON any reason to
15 believe AXON would not be paid for the work it was instructed by the CITY/SDDPC to perform
16 up to the December 19, 2008 termination date.

17 27. To the contrary, on December 3, 2008, the CITY/SDDPC requested additional
18 details regarding the status of the deliverables/milestones, and instructed AXON to submit all
19 deliverables, including partially completed deliverables, by December 19, 2008. On December 4,
20 2008, the CITY/SDDPC clarified that the CITY's/SDDPC's review and acceptance of those
21 deliverables would be completed on or shortly after December 19, 2008. True and correct copies
22 of the December 3, 2008, and December 4, 2008, correspondences from the CITY/SDDPC to
23 AXON are collectively attached hereto as ***Exhibit 6.***

24 28. AXON and the CITY/SDDPC continued to communicate regarding the status of
25 deliverables/milestones in the remaining weeks leading up to the December 19, 2008, transition
26 date. On December 17, 2008, AXON provided the CITY/SDDPC with an updated detailed status
27 report of the deliverables/milestones, sign-off and acceptance status, and billing summary in
28 preparation for a meeting between AXON and the CITY/SDDPC the following day to discuss the

1 same. A true and correct copy of the December 17, 2008 correspondence from AXON to the
2 CITY/SDDPC with attachments is attached hereto as *Exhibit 7*.

3 29. On December 18, 2008, AXON and the CITY/SDDPC had a meeting to discuss
4 the status of the deliverables/milestones, including AXON's estimated percentages of completion
5 and amounts due and owing therefore as set forth in the December 17, 2008 updated status report
6 and billing summary. After discussing the calculations used to arrive at the percentages of
7 completion, AXON revised some of the calculations based on the CITY's/SDDPC's inputs. As a
8 result, on December 19, 2008, AXON submitted a revised milestone status report and payment
9 detail incorporating the changes requested by the CITY/SDDPC. As of December 19, 2008, the
10 CITY/SDDPC knew that the total amount owed to AXON was Four Million, Eight Hundred
11 Sixty-three Thousand, Twenty-eight Dollars (\$4,863,028) for the holdbacks, 100% completed
12 deliverables, partially completed deliverables, and wind-down costs resulting from the early
13 termination of the contract. A true and correct copy of the December 19, 2008, correspondence
14 from AXON to the CITY/SDDPC with attachments is attached hereto as *Exhibit 8*.

15 30. In addition to revising the milestone status report and payment detail to reflect
16 changes requested by the CITY/SDDPC at the December 18, 2008, meeting, the parties also
17 agreed that:

- 18 • The review and payment for the 100% completed deliverables/milestones
19 1-4, 1-6, and 2-3, would be completed by the CITY/SDDPC by
December 31, 2008;
- 20 • The review and payment for the partially completed deliverables/
21 milestones 1-7, 2-5, and 2-7, as well as all holdback amounts for both
22 100% and partially completed deliverables/milestones, would be
completed by January 2009; and
- 23 • AXON would fix any bugs found in the 100% completed deliverables 1-4,
24 1-6, and 2-3, at no cost if the CITY/SDDPC reported the issue before
March 19, 2009.

25 *See Exhibit 8.*

26 31. The CITY/SDDPC acknowledged receipt of the payment request and the terms
27 upon which it was agreed the CITY/SDDPC would issue payment to AXON for the outstanding
28 balances owed. A true and correct copy of the December 19, 2008, correspondence from SDDPC

1 is attached hereto as **Exhibit 9**. Therefore, as of December 19, 2008, the parties had agreed that
 2 the CITY/SDDPC would issue payment for the outstanding 100% completed deliverables by
 3 December 31, 2008, and that the partially completed deliverables, holdback amounts, and wind-
 4 down costs would be fully paid in January 2009.

5 32. Despite the CITY's/SDDPC's assurances that full payment for the outstanding
 6 100% completed deliverables would be made by December 31, 2008, and the remaining balance
 7 of the amounts owed for the partially completed deliverables, holdback amounts, and wind-down
 8 costs would be made in January 2009, the CITY/SDDPC have failed and continue to fail to pay
 9 the Four Million, Eight Hundred Sixty-three Thousand, Twenty-eight Dollars (\$4,863,028) owed
 10 to AXON under the MSA. Pursuant to Section 5.4 of the MSA, such amounts are accruing
 11 interest at a rate of one and one-half percent (1½%) per month and continuing. Since the parties
 12 agreed that by the end of January 2009 AXON would be paid for all outstanding amounts owed,
 13 the total amount of accrued interest owed as of November 2009 is approximately Seven Hundred
 14 Twenty-nine Thousand, Four Hundred Fifty-four Dollars (\$729,454) (February through
 15 November). Thus, AXON is entitled to payment from the CITY/SDDPC in the amount of Five
 16 Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars (\$5,592,482) for
 17 the work it performed pursuant to the MSA/SOW.

18 **E. AXON complied with the applicable Claims Procedure**

19 33. As a result of the CITY's/SDDPC's failure to pay all outstanding amounts owed to
 20 AXON in January 2009, the parties engaged in settlement discussions in an attempt to resolve the
 21 dispute pursuant to the dispute resolution provision in Article 21 of the MSA.

22 34. Unable to internally resolve the dispute, AXON, SDDPC, and the CITY agreed to
 23 mediation as provided in Article 21, Section 21.3 of the MSA. The mediation was held on
 24 August 26, 2009 with all parties present, but was unsuccessful. As a result, AXON has exhausted
 25 the claims procedure established by the MSA and is entitled to immediately file suit against
 26 SDDPC and the CITY for money damages and other relief as provided in Section 15 and Article
 27 21, Section 21.3 of the MSA. (See California Gov. Code. §930.2.)

28 35. Although AXON believes the contractual claims procedure set forth in Article 21

of the MSA exclusively governs the procedure for asserting AXON's claims against the CITY/SDDPC, AXON also filed formal claims against the CITY/SDDPC in compliance with Cal. Gov. Code §§ 905 and 945.4. The claims filed pursuant to the Government Claims Act served to further put the CITY/SDDPC on notice that AXON intended to file a complaint for money damages and other relief against the CITY/SDDPC to recover in excess of Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars (\$5,592,482) owed by the CITY/SDDPC for failing to make full payment to AXON for all unpaid services and deliverables, including work in progress, that had been performed up to the effective date termination, and all wind-down costs resulting from the early termination. The CITY/SDDPC rejected said claim on October 16, 2009, and/or SDDPC left the claim without action for more than 45 days after filing of said claim, thus authorizing this suit.

F. The CITY's/SDDPC's unauthorized use of AXON's Trade Secrets and Copyright Protected Materials

36. Further, because the parties were unable to resolve the dispute pursuant to the claim procedure set forth in Article 21 of the MSA, the CITY and SDDPC do not have any right to use AXON's Deliverables, Pre-existing IP or Derivative Works based thereon, or AXON's trade secret and copyright protected materials consisting of custom software code among other protected materials provided to the CITY/SDDPC. Section 7.1 of the MSA expressly provides that the CITY/SDDPC have no rights to use, copy or make derivative works from any custom deliverables, including source code and other proprietary information they have not paid for:

7.1 Deliverables created in the course of delivering the Statement of Work referenced in this Agreement, other than Pre-Existing IP and Derivative Works of Pre-existing IP, will be considered "works for hire" and as such owned by the client, **save that such title in the same shall not be deemed to have passed to the Client until the Client has made the appropriate payment therefore to AXON hereunder.** [Emphasis added.]

37. Similarly, Section 7.2 of the MSA expressly provides that neither the CITY or SDDPC have the right to use any of AXON's pre-existing intellectual property:

7.2 **For so long as Client, or any successor to the Client, is not in breach of this Agreement, including any payment obligation hereunder, or has not otherwise terminated for**

1 **convenience this Agreement**, subject to the terms and conditions
2 of this Agreement and the applicable Statement of Work, Axon
3 grants to the Client a non-exclusive, world-wide, royalty free
4 license to use, execute, reproduce, perform, distribute Axon's Pre-
5 existing IP, and to prepare Derivative Works based upon such Pre-
6 existing IP, and based upon Derivatives Works of such Pre-
7 existing IP, in connection with the Client's internal business
8 operations, provided that the Client's use of such Pre-existing IP
9 does not directly compete with AXON. [Emphasis added.]

10 38. Pursuant to the terms of the SOW (Ex. A, pg. 84), AXON permitted the
11 CITY/SDDPC to use AXON's copyright and trade secret protected project management and
12 document repository tool APSE.

13 39. The CITY/SDDPC are currently using AXON's Deliverables, Pre-existing IP, and
14 copyright and trade secret protected materials without AXON's authorization and in violation of
15 AXON's intellectual property rights and the terms and conditions of the MSA.

16 40. The CITY's/SDDPC's right to continued use of said Deliverables, Pre-existing IP,
17 and copyright and trade secret protected materials after termination for convenience of the MSA
18 was and is contingent upon Defendants paying for all amounts due and owing as detailed above
19 and paying for the value for a perpetual non-exclusive license for use of the Pre-existing IP
20 incorporated in the deliverables as well as settling the dispute through the dispute resolution
21 procedure set forth in the MSA. Since the CITY/SDDPC failed to reach a settlement with AXON
22 at the August 26, 2009 mediation, the CITY/SDDPC do not have any right to use said
23 Deliverables, Pre-existing IP, and copyright and trade secret protected materials.

24 41. The CITY/SDDPC have been put on notice through AXON's compliance with
25 both the contractual claims procedure set forth in the MSA and the Government Claims Act, that
26 in addition to claims arising from the CITY's/SDDPC's breach of the MSA, AXON intended to
27 pursue money damages and other legal and equitable relief against the CITY/SDDPC as a result
28 of the CITY's/SDDPC's non-payment of amounts due and owing as of January 2009 plus accrued
interest to date and for the continued unauthorized use of AXON's Deliverables, Pre-existing IP,
and copyright and trade secret protected materials.

42. Based on the CITY/SDDPC's agreement to pay all amounts owed as detailed

1 above, AXON allowed Defendants' subsequent implementation vendor to hire eleven (11) of
2 AXON's key engineering employees as subcontractors to the CITY/SDDPC to continue on this
3 implementation project. These key AXON engineers had knowledge of the development work
4 performed to facilitate completion of the remaining work as well as to continue onsite at
5 CITY/SDDPC on the implementation project on an ongoing basis.

6 43. The CITY/SDDPC, on July 1, 2009, substantially increased their wrongful
7 conduct, including misappropriation and infringement of AXON's intellectual property rights by
8 going "live" with the "mySAP ERP 2005" application and continues to use such proprietary and
9 protected property of AXON infringing on significant and substantial intellectual property rights,
10 among other wrongful conduct.

11 **IV.**
12 **FIRST CLAIM FOR RELIEF**
13 **BREACH OF CONTRACT**
14 **(AGAINST ALL DEFENDANTS)**

15 44. AXON incorporates by reference paragraphs 1 through 43, inclusive, as though
16 fully set forth herein.

17 45. Although the SDDPC was the signatory to the contract, the CITY was the *de facto*
18 party to the contract and had full authority to control all of SDDPC's activities under the MSA
19 and did so. The CITY made all decisions with respect to approving the contract with AXON,
20 directing the work performed by SDDPC and AXON pursuant to the MSA, authorizing payment
21 under the MSA, and later terminated the MSA for convenience. *See Exhibit 2.*

22 46. Further, SDDPC is and was at all relevant times an agent of the CITY. The CITY
23 authorized and ratified all of SDDPC's actions, and received the benefits of the
24 CITY's/SDDPC's failure to fully compensate AXON for the amounts due and owing under the
25 MSA, as well as the benefit of the unauthorized use of AXON's Deliverables, Pre-existing IP,
26 and copyright and trade secret protected materials. Therefore, the CITY is liable not only for its
27 own acts, but also the acts of SDDPC because SDDPC was the agent of the CITY, and in doing
28 the things herein described, was acting within the course and scope of its authority as an agent of
the CITY, with the permission, consent, and ratification of the CITY.

1 47. Pursuant to the MSA and SOW, AXON agreed to provide the CITY/SDDPC with
2 a range of professional software development and other related services and deliverables. In
3 consideration for the deliverables and development services performed, the CITY/SDDPC agreed
4 to pay AXON a fixed price of Sixteen Million, Nine Hundred Fifty-one Thousand, Seven
5 Hundred Eighty-six Dollars (\$16,951,786) in accordance with the payment provisions set forth in
6 the SOW, with an optional fixed price component of One Million, Eight Hundred Fifty-three
7 Thousand, Six Hundred Twenty Dollars (\$1,853,620) for the implementation of additional
8 services and deliverables.

9 48. AXON fully performed all conditions, covenants, and promises required on its part
10 to be performed in accordance with the terms and conditions of the MSA and SOW, or has been
11 excused from non-performance due to the conduct and non-performance of the CITY/SDDPC.

12 49. In violation of their promises and obligations, the CITY/SDDPC breached the
13 MSA and SOW by failing to pay the amount due and owing for all services and Deliverables
14 provided to the CITY/SDDPC by AXON pursuant to the terms of the MSA and SOW, including
15 completed work, work in progress, and wind-down costs. The CITY/SDDPC also breached the
16 MSA and SOW through the unauthorized use of AXON's custom Deliverables, Pre-existing IP,
17 and copyright and trade secret protected material, and disclosure of AXON'S confidential and
18 proprietary information, which violations are ongoing.

19 50. Although AXON has repeatedly demanded that the CITY/SDDPC perform their
20 obligations pursuant to the terms of the MSA and SOW, said Defendants refused and continue to
21 refuse to do so. Despite their failure to pay, the CITY/SDDPC continue to derive benefits from
22 AXON's services and their unauthorized use of AXON's Deliverables, Pre-existing IP, copyright
23 and trade secret protected materials, and confidential and proprietary information.

24 51. As a direct and proximate result of the conduct of the CITY/SDDPC and breach of
25 the written agreement between the parties, AXON has been damaged in the amount of at least
26 Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars
27 (\$5,592,482), which includes the amounts due and owing by SDDPC for holdback payments,
28 completed work, work in progress, wind-down costs, and accrued interest pursuant to Section 5.4

1 of the MSA, which continues to accrue until paid. Additionally, AXON continues to suffer
 2 irreparable injury as a result of SDDPC's use of AXON's Pre-existing IP, copyright and trade
 3 secret protected materials, and disclosure of AXON's confidential and proprietary information.

4 WHEREFORE, Plaintiff AXON prays for judgment and damages against Defendants, and
 5 each of them, as set forth below.

6
 7 **V.**
SECOND CLAIM FOR RELIEF
MISAPPROPRIATION OF TRADE SECRETS
(UNIFORM TRADE SECRET ACT, CAL. CIVIL CODE § 3426, ET. SEQ.)
(AGAINST ALL DEFENDANTS)
 8

9 52. AXON incorporates by reference paragraphs 1 through 51, inclusive, as though
 10 fully set forth herein.

11 53. AXON owns valuable trade secrets and confidential and proprietary information,
 12 including the unpaid custom software Deliverables, designs, blueprints, and Pre-existing IP
 13 provided to the CITY/SDDPC pursuant to the terms of the MSA and SOW and as described in
 14 Paragraphs 8 through 10 above. Since this information is not generally known to the public or to
 15 other persons who can obtain economic value from its disclosure or use, is the subject of efforts
 16 by AXON to maintain its secrecy, and derives independent economic value from not being
 17 generally known, such information constitutes a "trade secret" under The California Uniform
 18 Trade Secret Act and California Civil Procedure, section 3426, *et seq.*

19 54. AXON disclosed its trade secrets to the CITY/SDDPC pursuant to the MSA and
 20 SOW with the express understanding and agreement that all such trade secrets disclosed by
 21 AXON to the CITY/SDDPC were to be maintained in the strictest confidence by the
 22 CITY/SDDPC pursuant to the terms of the MSA and SOW and pursuant to the express
 23 understanding and agreement that AXON would be paid for its work and services.

24 55. AXON is informed and believes and based thereon alleges that the CITY/SDDPC
 25 misappropriated AXON's trade secrets and continues to do so by continuing to use, disclose, and
 26 copy AXON's trade secrets and/or creating Derivative Works based thereon, without paying for
 27 and acquiring the rights to use AXON's trade secrets.

28 56. By reason of the foregoing acts and conduct of the CITY/SDDPC, AXON has

1 incurred damages with respect to the unauthorized use of its trade secrets in the amount of at least
2 Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars
3 (\$5,592,482), which includes the amounts due and owing by SDDPC for the holdback payments,
4 unpaid Deliverables , wind-down costs, and accrued interest. Additionally, AXON has and will
5 continue to suffer great and irreparable harm and damage with respect to the CITY's/SCCPC's ,
6 use and/or assignment of AXON's Pre-existing IP, including trade secrets and copyright protected
7 materials, and/or creating Derivative Works based thereon, which damage will be difficult to
8 ascertain, and AXON is and will continue to be without an adequate remedy at law.

9 57. AXON is entitled to an injunction restraining the CITY/SDDPC, their officers,
10 agents, employees, from engaging in further such unlawful acts and from reaping any additional
11 commercial advantage from their misappropriation of AXON's trade secrets, including
12 continuing to use the CITY's "mySAP ERP 2005" application program that has now gone "live."

13 58. AXON is further entitled to recover from the CITY/SDDPC the damages sustained
14 by it as a result of the CITY's/SDDPC's wrongful acts as hereinabove alleged. The amount of
15 such damages cannot be determined at this time.

16 59. AXON is further entitled to recover from the CITY/SDDPC the gains, profits,
17 advantages, and unjust enrichment they have obtained as a result of their wrongful acts as
18 hereinabove alleged. AXON is at present unable to ascertain the full extent of these gains,
19 profits, advantages and unjust enrichment

20 60. The conduct of the CITY/SDDPC, and those acting in concert with them,
21 constitute willful and malicious misappropriation pursuant to California Civil Code §§ 3426.3(c)
22 and 3426.4, warranting an award of exemplary damages against each such Defendant, including
23 attorneys' fees.

24 WHEREFORE, Plaintiff AXON prays for judgment, damages, restitution and an
25 injunction against Defendants, and each of them, as set forth below.
26
27
28

VI.
THIRD CLAIM FOR RELIEF
COPYRIGHT INFRINGEMENT
(AGAINST ALL DEFENDANTS)

61. AXON incorporates by reference paragraphs 1 through 60, inclusive, as though fully set forth herein.

62. The custom software program entitled "APSE" as described above, including the "look and feel" of said website created by AXON, contains material all of which is wholly original with plaintiff AXON and is copyrightable subject matter under the laws of the United States. AXON has complied in all respects with the Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*, and all other laws governing copyright, and has applied for a Certificate of Registration for the APSE program created by AXON consisting of source code from the Copyright Office that became effective October 22, 2009. The Complaint shall be amended when the Certificate of Registration with the Copyright Office has been received.

63. Since the development of APSE, AXON has been, and still is, the sole proprietor of all of its rights, title, and interest in and to said copyrightable technology and has not assigned, transferred, turned over or exclusively licensed its technology to any party, including the CITY/SDDPC.

64. Defendants, and each of them have failed to pay for a non-exclusive license for use of APSE but unlawfully used and/or copied APSE in order that they could download all detailed project information to the extent necessary to fully implement the work completed and partially completed by AXON pursuant to the MSA and SOW.

65. AXON is informed and believes and based thereon alleges that the CITY/SDDPC obtains a direct financial benefit from the use, copying, adaptation and distribution of the infringed APSE program as evidenced by the fact that the CITY/SDDPC went live with the "mySAP ERP 2005" program on July 1, 2009, and continues to unlawfully use AXON's copyrighted technology.

66. AXON is informed and believes and based thereon alleges that the CITY/SDDPC, and each of them, knowingly and willfully have copied and used AXON's copyrighted APSE

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San Jose

1 program. AXON is further informed and believes and based thereon alleges that said Defendants
2 copied and used the copyrighted technology with the specific purpose of infringing plaintiff
3 AXON's copyrights and using AXON's unpaid work product free of charge.

4 67. By the government claim filed herein and this suit, AXON has notified
5 Defendants, and each of them, that they have each misappropriated or participated in the
6 misappropriation, copying, and improper use of AXON's rights in the copyrighted technology
7 and to cease such activities. The CITY and SDDPC, and each of them, have refused and have
8 continued to infringe upon AXON's rights.

9 68. The natural, probable, and foreseeable result of the aforesaid conduct of the
10 Defendants has been and will continue to be to deprive AXON of business and the licensing of its
11 technology to the CITY/SDDOPC, to deprive AXON of goodwill, to injure AXON's relations
12 with prospective customers, and to impose substantial expenses on AXON to counteract the
13 aforesaid conduct.

14 69. AXON is informed and believes and based thereon alleges that it has lost and/or
15 will lose revenues for the licensing of its valuable copyrighted technology and has sustained or
16 will sustain damages as a result of the CITY's/SDDPC's aforesaid wrongful conduct and their use
17 of any infringing technology. The Defendants' wrongful conduct has also deprived and will
18 continue to deprive AXON of opportunities for expanding its goodwill.

19 70. Defendants have been unjustly enriched by their copying and use of AXON's
20 copyrighted APSE program and works derived from said technology and continue to be unjustly
21 enriched, to the detriment of AXON.

22 71. AXON is informed and believes and based thereon alleges that, unless enjoined by
23 this Court, the CITY/SDDPC intend to continue their course of conduct, and to wrongfully use,
24 infringe upon, and otherwise profit from AXON's copyrighted APSE program and works derived
25 therefrom.

26 72. As a direct and proximate result of the acts of Defendants alleged above, AXON
27 has already suffered irreparable damage and has sustained substantial monetary losses, including
28 lost profits. AXON has no adequate remedy at law to redress all of the injuries the CITY/SDDPC

1 have caused and intend to cause by their conduct. AXON will continue to suffer irreparable
2 damage and to sustain lost profits until Defendants' actions alleged above are enjoined by this
3 Court.

4 WHEREFORE, Plaintiff AXON prays for judgment, damages, restitution and an
5 injunction against Defendants, and each of them, as set forth below.

6
7 **VII.**
8 **FOURTH CLAIM FOR RELIEF**
9 **DECLARATORY RELIEF**
10 **(AGAINST ALL DEFENDANTS)**

11 73. AXON incorporates by reference paragraphs 1 through 72, inclusive, as though
12 fully set forth herein.

13 74. AXON is informed and believes and based thereon alleges that the CITY/SDDPC
14 contends they own or are otherwise authorized to use, copy and distribute the Deliverables, Pre-
15 existing IP, and copyright and trade secret protected materials for the continued development and
16 management of the mySAP ERP application platform even though the CITY/SDDPC have failed
17 and continue to fail to fully compensate AXON for the services, ownership rights and/or rights to
18 use said Deliverables, Pre-existing IP, and copyright and trade secret protected materials.

19 75. Pursuant to the plain wording of the MSA, all said Deliverables, are owned by
20 AXON and the CITY/SDDPC do not have any right or authorization to use, copy, or distribute
21 AXON's Deliverables, until and unless the CITY/SDDPC fully pays for said services and
22 Deliverables.

23 76. Section 7.1 of the MSA expressly provides that the CITY/SDDPC have no rights
24 to use any Deliverables that they have not paid for:

25 7.1 Deliverables created in the course of delivering the
26 Statement of Work referenced in this Agreement, other than Pre-
27 Existing IP and Derivative Works of Pre-existing IP, will be
28 considered "works for hire" and as such owned by the client, **save
that such title in the same shall not be deemed to have passed
to the Client until the Client has made the appropriate
payment therefore to AXON hereunder.** [Emphasis added.]

77. Similarly, Section 7.2 of the MSA expressly provides that the CITY/SDDPC have
no rights to use any of AXON's Pre-existing IP described in Paragraph 10 and the SOW:

1 7.2 For so long as Client, or any successor to the Client, is
2 not in breach of this Agreement, including any payment
3 obligation hereunder, or has not otherwise terminated for
4 convenience this Agreement, subject to the terms and conditions
5 of this Agreement and the applicable Statement of Work, Axon
6 grants to the Client a non-exclusive, world-wide, royalty free
7 license to use, execute, reproduce, perform, distribute Axon's Pre-
8 existing IP, and to prepare Derivative Works based upon such Pre-
9 existing IP, and based upon Derivatives Works of such Pre-
10 existing IP, in connection with the Client's internal business
11 operations, provided that the Client's use of such Pre-existing IP
12 does not directly compete with AXON. [Emphasis added.]

13 78. Defendants the CITY/SDDPC, however, have not paid the holdback amounts
14 totaling \$596,603 for the Deliverables/Milestones 1-1, 1-2, 1-3, 1-5, 2-1, 2-2, and 2-4.
15 Additionally, the CITY/SDDPC have not paid for the 100% and partially completed
16 Deliverables/Milestones 1-4, 1-6, 1-7, 2-3, 2-5, 2-6, and 2-7 in the amount of Four Million, One
17 Hundred Eighty-nine Thousand, One Hundred Seventy-five Dollars (\$4,189,175), the Seventy-
18 five Thousand, Two Hundred Fifty-one Dollars (\$75,251) in wind-down costs, and the accrued
19 interest of Seven Hundred Twenty-nine Thousand, Four Hundred Fifty-four Dollars (\$729,454),
20 totaling Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars
21 (\$5,592,482) owed to AXON by the CITY/SDDPC. Further, the CITY/SDDPC have not
22 purchased a continuing license to use AXON's Pre-existing IP or copyright and trade secret
23 protected materials.

24 79. Despite this, the CITY/SDDPC claim they have the right to use and copy and
25 create Derivative Works from all of AXON's Deliverables and trade secrets and copyrighted
26 materials and technology.

27 80. Further, the Deliverables created by AXON contain a substantial amount of
28 custom source code created by and wholly original with plaintiff AXON and is copyrightable
29 subject matter under the laws of the United States. This includes the custom Deliverables
30 described in Paragraph 8, among others. AXON is at present unable to comply with the
31 Copyright Act of 1976, 17 U.S.C. § 101, *et seq.*, and all other laws governing copyright, by
32 applying for a Certificate of Registration for the Deliverables created by AXON consisting of
33 custom source code because the code was created by AXON engineers within the CITY's

1 computer system and AXON did not retain and does not have access to the original source code.
2 This source code is necessary to perfect additional copyright rights and to enforce payment owed
3 by the CITY/SDDPC to AXON of Five Million, Five Hundred Ninety-two Thousand, Four
4 Hundred Eighty-two Dollars (\$5,592,482).

5 81. Since the development of the Deliverables which included custom source code,
6 AXON has been, and still is, the sole proprietor of all of its rights, title and interest in and to the
7 copyrightable source code and has not transferred, assigned, turned over or licensed its
8 technology to any party, including the CITY/SDDPC.

9 82. Therefore, an actual controversy has arisen and now exists between AXON and the
10 CITY/SDDPC concerning their respective rights with respect to AXON's Deliverables, and
11 copyright protected materials, including those copyrightable materials (custom source code) that
12 have been retained by the CITY/SDDPC within its computer system linking the myERP SAP
13 application to the CITY departments and divisions using such application.

14 83. AXON desires a judicial determination of its rights and duties, and a declaration as
15 to the ownership rights to the unpaid Deliverables provided to the CITY/SDDPC pursuant to the
16 MSA, and specifically, section 7.1.

17 84. AXON desires a judicial determination of its rights and duties and a declaration as
18 to the rights of the CITY/SDDPC to continue to use the Pre-existing IP provided and incorporated
19 in the Deliverables to the CITY/SDDPC pursuant to the MSA, and specifically, section 7.2.

20 85. AXON desires a judicial determination of its rights and duties and a declaration as
21 to the rights for the CITY/SDDPC to continue to use and/or copy the Pre-existing IP, including
22 APSE, that is not incorporated in Deliverables and can only be used pursuant to section 7.2 of the
23 MSA, including derivative works thereon.

24 86. A judicial declaration is necessary and appropriate at this time under the
25 circumstances in order that AXON may ascertain its rights and duties with respect to the unpaid
26 Deliverables, Pre-existing IP, and copyright and trade secret protected materials.

27 WHEREFORE, Plaintiff AXON prays for declaratory relief against Defendants, and each
28 of them, as set forth below.

VIII.
FIFTH CLAIM FOR RELIEF
QUANTUM MERUIT
(AGAINST ALL DEFENDANTS)

87. AXON incorporates by reference paragraphs 1 through 86, inclusive, as though fully set forth herein.

88. From September 28, 2007, through and until December 19, 2008, AXON provided Defendants the CITY/SDDPC with a range of professional services and deliverables, including, but not limited to, implementation, integration, and consulting services and software enhancement and development, for which AXON has not been fully compensated. The CITY/SDDPC knew that these services were being provided and approved and accepted the same and further promised to pay their reasonable value. Further, the CITY/SDDPC used, enjoyed, and profited from the services and deliverables provided by AXON, and continues to do so.

89. Although AXON has demanded that the CITY/SDDPC compensate AXON, the CITY/SDDPC have refused to compensate AXON for the fair and reasonable value of the services and deliverables provided to them.

90. The reasonable amount owed to AXON by the CITY/SDDPC is at least Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars (\$5,592,482), which includes the amounts due and owing by SDDPC for holdback payments, completed work, work in progress, wind-down costs, and accrued interest which continues to accrue until paid, in addition to the value of the CITY's/SDDPC's use of AXON's Pre-existing IP, copyright and trade secret protected material, and confidential and proprietary information, the full amount of which to is be determined at trial.

WHEREFORE, Plaintiff AXON prays for judgment, damages and restitution against Defendants, and each of them, as set forth below.

IX.
SIXTH CLAIM FOR RELIEF
GOODS AND SERVICES SOLD AND DELIVERED
(AGAINST ALL DEFENDANTS)

91. AXON incorporates by reference paragraphs 1 through 90, inclusive, as though

1 fully set forth herein.

2 92. From September 28, 2007 through and until December 19, 2008, the
3 CITY/SDDPC became indebted to AXON for the professional services and custom deliverables,
4 including, but not limited to, implementation, integration, and consulting services and software
5 enhancement and development, for which AXON provided to the CITY/SDDPC and the
6 CITY/SDDPC agreed to pay the reasonable value of said services and deliverables.

7 93. The CITY/SDDPC accepted the services and goods provided by AXON and has
8 and continues to use said services and goods.

9 94. The reasonable value of such services and deliverables is at least Five Million,
10 Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars (\$5,592,482), which
11 includes the amounts due and owing by SDDPC for holdback payments, completed work, work in
12 progress, wind-down costs, and accrued interest which continues to accrue until paid.
13 Additionally, the CITY/SDDPC is indebted to AXON for the value of the CITY's/SDDPC's use
14 of AXON's Pre-existing IP, copyright and trade secret protected material, and confidential and
15 proprietary information, the full amount of which is to be determined at trial.

16 95. AXON has demanded payment from the CITY/SDDPC for the sum of \$5,592,482,
17 but neither the whole nor any part of the \$5,592,482, due and owing to AXON has been paid, and
18 there is now due and unpaid from the CITY/SDDPC to AXON an amount not less than
19 \$5,592,482, which includes interest at a rate of one and one-half percent (1½%) per month and
20 continuing pursuant to Section 5.4 of the MSA, and additional amounts according to proof for the
21 value of the CITY's/SDDPC's use of AXON's Pre-existing IP, copyright and trade secret
22 protected material, and confidential and proprietary information.

23 WHEREFORE, Plaintiff AXON prays for judgment and restitution/payment against
24 Defendants, and each of them, as set forth below.

25 X.
26 **SEVENTH CLAIM FOR RELIEF**
27 **ACCOUNT STATED**
28 **(AGAINST ALL DEFENDANTS)**

96. AXON incorporates by reference paragraphs 1 through 95, inclusive, as though

1 fully set forth herein.

2 97. Commencing on September 28, 2007, accounts were stated in writing by and
3 between AXON and Defendants the CITY/SDDPC, and on such statements, a total balance of
4 Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars
5 (\$5,592,482), which includes interest at a rate of one and one-half percent (1½%) per month and
6 continuing pursuant to Section 5.4 of the MSA, was found to be due and owing to AXON from
7 the CITY/SDDC, which amount continues to accrue interest until final resolution of this matter.

8 98. These amounts were stated in writing between the parties as set forth above on
9 numerous occasions, including by and through invoices and statements through December 19,
10 2008 as set forth above.

11 99. Although AXON has demanded payment from the CITY/SDDPC based on the
12 MSA, SOW, which the CITY/SDDPC agreed to pay, the CITY/SDDPC have failed to pay the
13 Five Million, Five Hundred Ninety-two Thousand, Four Hundred Eighty-two Dollars
14 (\$5,592,482), found due and owing to AXON.

15 WHEREFORE, Plaintiff AXON prays for judgment and damages/payment against
16 Defendants, and each of them, as set forth below.

17 **PRAYER FOR RELIEF**

18 WHEREFORE, Plaintiff AXON prays for the following relief:

19 1. Judgment against Defendants in the amount of at least Five Million, Five Hundred
20 Ninety-two Thousand, Four Hundred Eighty-two Dollars (\$5,592,482), plus the value of the
21 CITY's/SDDPC's use of AXON's Pre-existing IP, copyright and trade secret protected materials,
22 and confidential and proprietary information in an amount to be determined at trial, pre-judgment
23 interest, court costs, and for any and all other relief that this Court may deem just and proper.

24 2. Judgment against Defendants in the amount of the CITY's/SDDPC's gains,
25 profits, advantages, and unjust enrichment they have obtained as a result of the CITY's/SDDPC's
26 unlawful misappropriation of AXON's trade secrets and infringement of AXON's copyright
27 protected material, which amount to be determined at trial.

28 3. An award of exemplary damages, including attorneys' fees, against Defendants as

1 a result of their willful and malicious misappropriation and infringement.

2 4. The immediate return of the original and all copies of AXON's custom source
3 code contained in Deliverables provided to Defendants, but not paid for or owned by said
4 Defendants, so that AXON can protect its copyright rights by complying with the Copyright Act
5 of 1976, 17 U.S.C. § 101, *et seq.*, and all other laws governing copyright, by applying for a
6 Certificate of Registration for said Deliverables, and to enforce payment owed by the
7 CITY/SDDPC to AXON of Five Million, Five Hundred Ninety-two Thousand, Four Hundred
8 Eighty-two Dollars (\$5,592,482).

9 5. For a declaration that AXON owns the Deliverables, including copyright protected
10 custom source code that was provided to the CITY/SDDPC pursuant to the terms of the MSA and
11 SOW as a result of the CITY's/SDDPC's termination of the MSA for convenience and failure to
12 make full payment for said Deliverables and copyright protected custom source code.

13 6. That Defendants, and each of them, their directors, officers, agents, servants,
14 employees, and all other persons in active concert or privity or in participation with them, be
15 enjoined from directly or indirectly infringing AXON's ownership rights of its trade secrets,
16 including its Deliverables, Pre-existing IP, confidential and proprietary information, and/or
17 copyright protected material, or continuing to market, offer, sell, dispose of, license, lease,
18 transfer, display, advertise, reproduce, develop or manufacture any works derived or copied from
19 AXON's Deliverables, Pre-existing IP, confidential and proprietary information, and/or copyright
20 protected material, or to participate or assist in any such activity.

21 7. That Defendants, their directors, officers, agents, servants, employees, and all
22 other persons in active concert or privity or in participation with them, be enjoined to return to
23 AXON any originals, copies, facsimiles, or duplicates of AXON's deliverables, pre-existing IP,
24 confidential and proprietary information, and copyright and trade secret protected material in their
25 possession, custody or control.

26 8. That Defendants, and each of them, be enjoined to recall from all others known to
27 Defendants any originals, copies, facsimiles, or duplicates of any works shown by the evidence to
28 infringe on AXON's ownership rights of its Deliverables, Pre-existing IP, confidential and

1 proprietary information, and copyright and trade secret protected material.

2 9. That Defendants, and each of them, be enjoined to deliver upon oath, to be
3 impounded during the pendency of this action, and for destruction pursuant to judgment herein,
4 all originals, copies, facsimiles, or duplicates of any work shown by the evidence to infringe on
5 AXON's ownership rights of its Deliverables, Pre-existing IP, confidential and proprietary
6 information, and copyright and trade secret protected material.

7 10. That Defendants, and each of them, be required to file with the Court and to serve
8 on AXON, within 30 days after service of the Court's order as herein prayed, a report in writing
9 under oath setting forth in detail the manner and form in which Defendants each complied with
10 the Court's order.

11 Dated: November 10, 2009

ROPERS, MAJESKI, KOHN & BENTLEY

12 By: 

13 MICHAEL J. IOANNOU
14 LITA M. VERRIER
15 DANIEL P. MCKINNON
16 Attorneys for Plaintiff
17 AXON SOLUTIONS, INC.

18 **DEMAND FOR JURY TRIAL**

19 Plaintiff AXON SOLUTIONS, INC., hereby demands a trial by jury.

20 Dated: November 10, 2009

ROPERS, MAJESKI, KOHN & BENTLEY

21 By: 

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 AXON SOLUTIONS, INC.

UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF CALIFORNIA

AXON SOLUTIONS, INC., formally
 known as AXON SOLUTIONS INC., a
 Delaware corporation,

Plaintiff,

v.

SAN DIEGO DATA PROCESSING
 CORPORATION, a California publicly
 owned corporation; CITY OF SAN
 DIEGO, a charted political subdivision of
 the State of California; and DOES 1
 through 50, inclusive,

Defendants.

CASE NO.

**INDEX OF EXHIBITS TO AXON
 SOLUTIONS, INC.'S COMPLAINT FOR:**

- 1) BREACH OF CONTRACT;
- 2) MISAPPROPRIATION OF TRADE
SECRETS;
- 3) QUANTUM MERUIT;
- 4) GOODS AND SERVICES SOLD AND
DELIVERED;
- 5) ACCOUNT STATED;
- 6) COPYRIGHT INFRINGEMENT; and
- 7) DECLARATORY AND INJUNCTIVE
RELIEF

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Ropers Majeski Kohn & Bentley
A Professional Corporation
San Jose

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AXON SOLUTIONS INC

MASTER SERVICES AGREEMENT

**FOR SAN DIEGO DATA PROCESSING
CORPORATION**

THIS MASTER SERVICES AGREEMENT ("Agreement") is entered into as of this 28th day of September 2007 (the "Agreement Date") by and between:

1. **AXON SOLUTIONS INC.**, a Delaware Corporation, with principal offices at 15 Exchange Place, Suite 730, Jersey City, NJ 07302 (hereinafter "Axon"); and
2. **SAN DIEGO DATA PROCESSING CORPORATION**, a California Corporation, with principal offices at 5975 Santa Fe Street (hereinafter "Client").

WHEREAS:

- (A) Axon provides a range of services and deliverables intended to assist clients in achieving a business solution which meets the identified requirements of the Client;
- (B) The Client wishes to engage Axon generally, and Axon agrees, to provide the services and/or deliverables as may be required from time to time on the terms set out herein; and
- (C) This Agreement sets out the terms which will govern the provision of all services and/or deliverables to the Client by Axon.

1 Definitions

1.1 Upper case terms in this Agreement not otherwise defined in the context in which they are used shall have the following meanings. Additional definitions appear throughout the substantive provisions of this Agreement, and its schedules, exhibits and attachments:

- "Affiliate"** means, with respect to either Party, any Person directly or indirectly controlling, controlled by, or under common control with such Party. The terms "controlling" and "controlled" mean the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policy of a Person, through the ownership of equity interests.
- "Axon Consultants"** means Axon's personnel, sub-contractors, and agents engaged in providing one or more Services identified in this Agreement and/or in any Statements of Work.
- "Change in Control"** means, with respect to any entity, the occurrence of one or more of the following events: (i) any Person, including any Affiliate of such Person, shall have become the direct or indirect beneficial owner of fifty percent (50%) or more of the equity power (measured by the right to elect members to the Board of Directors or similar governing body) of such entity; (ii) any Person shall have obtained, by contract or otherwise, the power to direct the affairs of or elect a majority of the directors (or other members of the governing body) of such entity; or (iii) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the operating assets of such entity to any Person that was not an Affiliate of such entity immediately prior to such sale, lease, exchange, or transfer.
- "Confidential Information"** means any confidential or proprietary information which is, whether in writing, visually, verbally or by any other direct or indirect means, provided by either Party or their Affiliate to the other Party or to its Affiliate in connection with or as a result of this Agreement, or to which the other Party gains access in connection with or as a result of this Agreement. Confidential Information includes any information relating to either Party's customers, employees, products, operations, methodologies, processes, developments, know-how, trade secrets, business affairs, labor costs, pricing and commercial terms. Confidential Information excludes: (i) information already within the public domain at



the time of its disclosure between the Parties or that subsequently enters the public domain, other than as a result of a breach by the receiving Party, (ii) information that is rightfully disclosed to the receiving Party by a third party which is authorized to make such disclosure without restriction, (iii) the receiving Party independently developed without reference to the information from the disclosing Party (as established by the written records of the receiving Party), and (iv) the receiving Party is compelled to disclose pursuant to legal process provided by a court of competent jurisdiction or government body or agency. In the event the receiving Party is required to disclose information of the disclosing Party pursuant to legal process provided by a court of competent jurisdiction or government body or agency, such Party (provided that notification is not prohibited by such process) will promptly notify the disclosing Party to allow intervention in response to such process.

- "Deliverables"** means a tangible element of the Services outlined in the Statement of Work produced in connection to this Agreement, excluding Pre-existing IP.
- "Derivative Works"** means a work (i) that is derived from or based upon one or more items of Pre-existing IP, such as a revision, modification, translation, derivation, abridgment, condensation, expansion, enhancement or any other form in which such Pre-existing IP may be recast, transformed, or adapted, and (ii) that, if prepared without authorization of the owner of the copyright in such Pre-existing IP, would constitute a copyright infringement. For purposes of this Agreement, a Derivative Work shall also include any compilation that incorporates such Pre-existing IP.
- "Intellectual Property"** shall be a collective and general reference to the following, whether now or hereafter existing: data, information, ideas, discoveries, improvements, know-how, work product, copyrights, trademarks, trade secrets, computer software, industrial property, patents, inventions, and all other like and unlike forms of intellectual property, whether or not patentable. It is understood that "know-how" also includes information comprised in or derived from formulae, designs, specifications, processes, techniques, drawings, component lists, product documentation, manuals, instructions, plans, and catalogs, each in whatever form held or presented.
- "Key Employees"** means, at a minimum, named resources that will participate as Axon's Project Manager, Finance Workstream Lead, Human Resource Workstream Lead, MM Workstream Lead, Technical Lead, and Change Management Lead.
- "Party"** means either party to this Agreement, namely Axon or the Client, or in the plural, both Axon and the Client together.
- "Person"** means any corporation, natural person, firm, joint venture, partnership, limited liability company, trust, unincorporated organization, or government, foreign or domestic, or any agency or political subdivision thereof.
- "Pre-existing IP"** means all Intellectual Property owned or properly licensed by either Party, the existence of which either: (i) pre-dates the Agreement Date; or (ii) was developed independently by such Party, and which is not the result of such Party's use of any Confidential Information of the other



Party, but in all cases including any improvements or Derivative Works to such Intellectual Property contained within one of its commercially available products, developed by the same Party owning that Intellectual Property, even where such development is made under the terms of, or during the course of, this Agreement.

"Services" means those services to be provided by Axon pursuant to any Statement of Work hereunder.

"Statement of Work" means the detailed definition of Services and SAP applications software as applicable; agreed with the Client as within the scope of Axon's Services to the Client, as set forth in the attached Exhibit A which is incorporated by reference.

"Working Day" means a day that banks are generally open for business in the United States of America.

2 Duration and Termination

2.1 This Agreement shall commence on the Agreement Date and shall continue until all Statements of Work attached hereto are completed, or until this Agreement is terminated in accordance with the terms of this Section 2 or Section 19.

2.2 This Agreement may be terminated by Client by giving Axon at least thirty (30) calendar days advance written notice prior to the termination date specified in such notice. Unless otherwise requested by Client, Axon shall use commercially reasonable efforts to minimize any wind-down costs associated with such a premature termination of the Agreement.

2.3 Subject to the Dispute Resolution provisions in Section 21 and in addition to any other provisions in this Agreement allowing a party to terminate this Agreement in whole or in part, and without limiting any other remedies available at law, or under this Agreement, if any party materially or repeatedly defaults in the performance of any of its duties or obligations under this Agreement, and: (1) within thirty (30) calendar days after written notice of the default; or, (2) with respect to those defaults that cannot be reasonably cured within thirty (30) calendar days, then the Party not in default may terminate this Agreement by giving written notice of the termination to the defaulting Party, which termination shall be effective immediately upon receipt of the notice of termination. If the default is incapable of being cured, then the thirty (30) calendar day cure period shall not apply, and notice of termination may be given directly by the party not in default.

2.4 When funds are not appropriated or otherwise made available by the City of San Diego, or other public agency client of Client, to support continuation of performance, the Agreement shall be canceled and Axon shall be reimbursed for the reasonable value of any nonrecurring cost incurred but not amortized in the price of the supplies or services delivered under the Agreement.

2.5 In the event of termination of this Agreement for any reason both Parties shall immediately return all information in the possession of that Party which belongs to the other Party, including Confidential Information. In the event of termination of this Agreement, the terms of Sections 6, 7, 8 and 10, and any other terms that must survive in order to give effect to their meaning or intent, shall survive such termination, and continue in effect to the benefit of, and be binding upon, both Parties and their successors and assigns. Termination shall not prejudice any remedy to which either Party may be entitled to at any time.

3 Provision of Services

3.1 Upon execution of this Agreement, Axon and the Client shall be at liberty to execute individual Statements of Work. Such Statements of Work may be executed either at the time of signature of this Agreement or thereafter, and the execution of the same shall constitute an order for a project. The Client may execute Statements of Work either on behalf of itself or on behalf of an Affiliate.

3.2 Each Statement of Work shall constitute a separate agreement and forms the entire agreement between the Parties thereto relating to the subject matter set forth in that Statement of Work. Unless otherwise agreed between authorized representatives of both Parties, each Statement of Work will exist independently of any other Statement of Work and termination of one Statement of Work will not necessarily affect the existence of another Statement of Work.

3.3 Unless otherwise expressly set out or varied in the relevant Statement of Work as a special condition (or otherwise), this Agreement shall apply to any particular Statement of Work, and in the event of any conflict between this Agreement and the terms of any particular Statement of Work, then the terms of such Statement of Work shall prevail, but only to the extent of such conflict and only if such conflict is expressly stated as overriding the conflicting term of this Agreement.

3.4 Axon will provide to the Client the scope of Services outlined in the Statements of Work, that are identified against roles or Deliverables which are to the responsibility of, or provided by, Axon.

3.5 Axon shall be responsible for the selection of personnel, including, at its sole discretion, engaging subcontractors to carry out such Services.

3.6 Axon is responsible for the day-to-day management of their employees, subcontractors and agents.

3.7 Axon, within its reasonable control, agrees to provide Client with thirty (30) days prior written notice before replacing any Key Employees providing services to Client. Such Key Employees may not be transferred without prior written consent of Client. Such permission not to be unreasonably withheld. Axon shall replace such Key Employees with individuals that possess qualifications and experience equal to or greater than the named employee to be replaced and that are acceptable to Client.

Client reserves the right to request the replacement of any Axon Consultant who is not performing to the standards expected of professional consultants. Axons will make every effort to replace such consultants with other consultants of similar or greater experience within two (2) weeks.

3.8 Axon will be solely responsible for the conduct of its respective employees and subcontractors, including compliance with the Client's reasonable policies (provided that Axon has been made aware of such policies, in writing, reasonably prior to the applicability of such policies to Axon) and applicable state and local laws when on-site at the Client's facilities.

3.9 All Axon Consultants under this Agreement based in the U.S. shall have valid and legal U.S. residency and work authorization. None of the Axon Consultants shall be considered an employee of the Client.

3.10 Warranties.

3.10.1 Axon warrants that it shall use (and ensure that its sub-contractors use, (if any) the reasonable skill and care of a competent provider of similar services to the Services and will comply with such applicable laws, regulations and directions of competent authorities in the performance of its obligations under this Agreement and at all times when on the Client's premises.



3.10.2 Axon shall provide sufficient numbers of personnel, including the personnel provided by its sub-contractors, (if any) with the requisite skill, experience, qualifications and knowledge reasonably necessary to perform the tasks assigned to them and, in doing so, adopt reasonable and proper standards of behavior.

3.10.3 Axon shall have no liability or obligation pursuant to the warranties set out in this Section 3.10 unless the Client provides to Axon in writing a reasonably detailed description of the error or defect in the provision of the Services or Deliverables within thirty (30) days from the date on which the applicable Service was performed or the Deliverable delivered.

3.10.4 On receiving such notice from the Client pursuant to Section 3.10.3, Axon shall at its own expense and within a reasonable time remedy the error or defect in question.

3.10.5 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT OR OTHERWISE, AND SUBJECT TO APPLICABLE LAWS, AXON MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND REGARDING THE SERVICES AND DELIVERABLES PROVIDED SAVE FOR THOSE CONTAINED HEREIN, AND HEREBY DISCLAIMS ALL IMPLIED WARRANTIES ARISING BY OPERATION OF APPLICABLE LAW WITH RESPECT THERETO, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND INFRINGEMENT.

4 Change Control

The following change control procedure ("Change Control Procedure") shall be adopted for all changes to any Statements of Work attached hereto, or any other changes in the scope of Services or Deliverables, as mutually agreed to by both Parties or specified in the Statement of Work.

4.1 A written request shall be submitted by either Party to the other Party stating, at a minimum the: (i) tracking document reference; (ii) originator, requestor and change request date; (iii) reason for the change request; and (iv) impact of not implementing the change.

4.2 Axon shall respond to each change request for changes to the Services or Deliverables which are the responsibility of Axon with (i) a technical outline of the change request and any impact on the existing Services and Deliverables and (ii) a quotation, if applicable, for any additional resources, including labor and expense fees cost estimates.

4.3 Axon reserves the right to charge the Client, in accordance with its then current rates (or any agreed day rates of the Parties as may be contained in any relevant Statement of Work, as the case may be), for investigating change requests of the Client that may take in excess of two (2) Working Days to investigate.

4.4 Both Parties shall work in good faith to review and approve or reject any such change requests within a reasonable period of time, typically no more than ten (10) Working Days. If accepted and executed by the Parties in writing, the change request shall be henceforth termed a "Change Order" and the change in work-scope, Statement of Work, fees and payment schedule shall become immediately effective.

5 Fees and Payment Terms

5.1 The Client agrees to pay Axon for Services, Deliverables and work performed, in accordance with the payment provisions set forth in each Statement of Work. Furthermore, the Client agrees to reimburse Axon for travel, living and other expenses incurred in connection to this Agreement as per the Expense Policy set forth in each Statement of Work.

5.2 Axon shall invoice the Client on a twice monthly basis for actual labor service costs and consulting expense costs that have been incurred by Axon Consultants in the delivery of Services under this Agreement, unless otherwise agreed to in any applicable Scope of Work. Labor and expense costs may optionally be invoiced by Axon in arrears. Axon shall make all commercially reasonable efforts to provide invoices and supporting billing data set out in a manner as requested by the Client.

5.3 Invoices shall be payable to Axon within thirty (30) calendar days of the date of invoice receipt by the Client, provided that the same invoice has not been disputed, in writing, by the Client within ten (10) Working Days of receipt of the same. The date of invoice receipt shall be deemed to be two Working Days after such invoice is sent by Axon to the Client.

5.4 If payment is not made to Axon within thirty (30) calendar days of the invoice receipt by the Client, Axon has the right to charge interest at the rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law, if less, on any outstanding balances due, and until such payment is made by the Client accordingly, without prejudice to any other action that Axon may take against the Client accordingly, including the right of Axon (upon notice to the Client) to suspend any further Services under this Agreement and/or the right to give notice under Section 2.2 above

5.5 All invoices shall be in U.S. dollars, and are exclusive of any taxes. If Axon is required to pay or collect local, sales, goods, services or other similar taxes or duties in connection with this Agreement, then all such taxes and duties shall be billed to the Client. The Client shall not be liable for payroll or income taxes incurred by or on behalf of Axon Consultants in relation to this Agreement.

6 Confidentiality and Proprietary Information

6.1 During and after the term of this Agreement, neither Party shall:

- (i) disclose the other Party's Confidential Information to any other Person other than the Parties to this Agreement (or to their respective legal, financial, or tax advisors);
- (ii) use the other Party's Confidential Information other than for the delivery or receipt of Services and Deliverables in relation to this Agreement;
- (iii) disclose the other Party's Confidential Information to any person within the receiving Party's organization who does not have a need to know that information, or to any Person outside of the receiving Party's organization who has not executed a written agreement protecting the confidentiality of the disclosing Party's Confidential Information containing terms and conditions no less restrictive than those contained herein.

6.2 For the avoidance of doubt, Confidential Information shall remain at all times the exclusive property of the disclosing Party.

6.3 Neither Party shall make any public announcements relating to this Agreement without the prior written approval of the other Party, approval of which will not be unreasonably withheld, except for (i) an announcement intended solely for internal distribution within that Party's entity, or (ii) any disclosure required by law, regulation or government agency request.

7 Intellectual Property

7.1 Deliverables created in the course of delivering the Statement of Work referenced in this Agreement, other than Pre-existing IP and Derivative Works of Pre-existing IP, will be considered "works for hire" and as such owned by the Client, save that such title in the same shall not be deemed to have passed to the Client until the Client has made the appropriate payment therefor to Axon hereunder.

7.2 For so long as the Client, or any successor to the Client, is not in breach of this Agreement, including any payment obligation hereunder, or has not otherwise terminated for convenience this Agreement, subject to the terms and conditions of this Agreement and the applicable Statement of Work, Axon grants to the Client a non-exclusive, world-wide, royalty free license to use, execute, reproduce, perform, distribute Axon's Pre-existing IP, and to prepare Derivative Works based upon such Pre-existing IP, and based upon Derivatives Works of such Pre-existing IP, in connection with the Client's internal business operations, provided that the Client's use of such Pre-existing IP does not directly compete with Axon. This license so granted by Axon to the Client cannot be assigned, sold, transferred, given away or sub-licensed to any other Party without Axon's prior written consent, except that it may be assigned by the Client to a

successor in case of a merger, acquisition, divestiture or other business combination, provided that such successor agrees, in writing, to abide by the terms and conditions of this Agreement and the applicable Statement of Work. Client will not otherwise copy, translate, modify, adapt, decompile, disassemble or reverse engineer the Pre-existing IP, except as and to the extent expressly authorized by applicable law, and in such case subject to the next sentence. Solely to the extent authorized by applicable law, if the reproduction of the object code and translation of its form are necessary to obtain the information required to achieve the interoperability of the Pre-existing IP with other programs, Client shall inform Axon in writing accordingly and Axon shall notify Client within ten (10) Working Days from receipt of Client's request that (i) Axon will perform the work in order to achieve such interoperability and invoice Client accordingly based on Axon's then-current rates and policies (time, materials, travel) or (ii) Client itself is entitled to undertake those actions, but only to the extent permitted by such applicable law and required to achieve such interoperability.

7.3 Axon retains the right to know-how in all Services and Derivative Works created hereunder and as shall be permitted to promote, sell and advertise its Pre-existing IP, including Derivative Works of such Pre-existing IP, whether created as part of this Agreement or otherwise, to other customers and prospects without limitation, provided that the Client's confidentiality is not infringed, and that such Derivative Works do not contain any proprietary information of the Client.

8 Non-Solicitation

Neither Party shall directly solicit or induce employees of the other Party who have been directly involved in any Statement of Work executed hereunder (whether in the delivery of the Services and/or Deliverables or in the ordering of the same) to terminate their respective employment or to act as a contractor or agent for the other Party during the term of this Agreement and six (6) months following the termination of this Agreement, save that such restriction shall not apply to any employee who answers a general recruitment advertisement of the other Party.

9 Client's Obligations

In addition to any project-specific requirements of the Client as may be contained in any Statement of Work hereto, the Client will ensure (as a minimum) that, as part of this Agreement with Axon

9.1 Reasonable access to office facilities including space, communications/phone and office applications shall be provided to Axon Consultants working at the Client's premises in connection with this Agreement.

9.2 Remote access to the Client's development SAP instance(s) shall be provided to Axon Consultants, if required in order to complete the Deliverables.

9.3 Remote working will be allowed for approved SAP implementation project team members where this does not adversely impact the project Deliverables and schedule.

9.4 Client staff are provided on a dedicated basis to the project in accordance with any staffing requirements in the Statement of Work, or agreed with Axon.

9.5 The Client shall provide and make available such appropriately skilled and authorized personnel as are reasonably required to liaise with Axon in relation to the performance of its obligations under this Agreement.

9.6 The Client will provide sufficient full time staff to all projects who have the aptitude and management skills to contribute effectively to the project and the appropriate business understanding to identify requirements and assess the recommended solutions. The Client will be responsible for assessing the recommendations and advice given by Axon and for approving a course of action.

9.7 The Client will ensure that Axon Consultants have full and timely access to all staff, including senior management and potential users of the system to the extent required by Axon to make decisions and perform the obligations of Axon under this Agreement. In the event

of such access proving difficult, Axon's Project Manager will make a formal request to the Client's Project Manager for access. If suitable access is not provided by the time specified in such request, all delivery times and milestones that are affected, directly or indirectly, will be adjusted accordingly and any actual additional costs incurred by Axon may be charged to the Client.

10 Indemnification

10.1 Axon Indemnity. Axon shall indemnify, defend and hold harmless Client and its officers, directors and employees from and against any third party claims arising in connection with: (i) the Services or Deliverables infringing upon or violating any patent, copyright, trade secret, or other third party intellectual property right; or (ii) Axon violating any applicable federal, state or local law, regulation, rule, ordinance or judicial or administrative ruling in the performance of this Agreement.

10.2 Client Indemnity. Client shall indemnify, defend and hold harmless Axon and its officers, directors, employees, agents and subcontractors from and against any third party claims arising in connection with: (i) any items (including licenses and other rights) the supply or acquisition of which is the responsibility of Client, infringing upon or violating any patent, copyright, trade secret, or other third party intellectual property right; or (ii) Client violating any applicable federal, state or local law, regulation, rule, ordinance or judicial or administrative ruling in the performance of this Agreement.

10.3 Indemnification Procedures. The indemnity obligations set forth in this Section 10 shall be subject to the following: The Party seeking indemnification ("Indemnitee") shall promptly notify the Party having the indemnification obligation ("Indemnitor") in writing of any claim that may be subject to indemnification under this Agreement. Any delay on the part of Indemnitee in providing such notice shall not relieve Indemnitor of its indemnification obligations except to the extent Indemnitor is actually prejudiced thereby. Indemnitee shall provide Indemnitor control of the defense and settlement of the claim. Indemnitor may settle or consent to the entry of any judgment with respect to any claim involving only the payment of money, but shall not settle any other claim or consent to any judgment that obligates Indemnitee to take any independent action without the prior written consent of Indemnitee, which consent shall not unreasonably be withheld. Each Party shall reasonably cooperate with the other Party in connection with the defense of any third party claim subject to this Article 10 and shall provide all information and assistance reasonably requested for defense of any such claim.

10.4 Infringement by Deliverables. If any infringement claim with respect to any Deliverable may be or has been asserted, Client will permit Axon, at Axon's option and expense, to (i) procure for Client the right to continue using the Deliverable, (ii) replace or modify the Deliverable to eliminate the infringement while providing functionally equivalent performance or (iii) terminate this Agreement and the applicable Statement of Work with respect to, and accept the return of, the affected Deliverable in exchange for a refund of the amount of fees that Client actually paid to Axon for such Deliverable, less a pro rata amount of such fees calculated over a period of three (3) years following initial delivery of such Deliverable. Axon will have no indemnity obligation to Client if the infringement claim results from (i) a correction or modification of the Deliverable not provided by Axon, or (ii) the combination of the Deliverable with items not provided by Axon or approved for combination with the Deliverable in the Statement of Work, but only if the claim would not have arisen from use of the Deliverable alone. Client acknowledges that this Sections 10.1, Section 10.3 and this Section 10.4 collectively state Client's exclusive remedy and Axon's sole liability in connection with any claim of infringement or misappropriation.

11 Limitation of Liability

EXCEPT IN CONNECTION WITH AMOUNTS PAYABLE TO THIRD PARTIES UNDER SECTION 10, OR A BREACH OF SECTION 6, UNDER NO CIRCUMSTANCES WILL EITHER PARTY, ITS LICENSORS OR RELATED PERSONS BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY OR INCIDENTAL DAMAGES OR LOST PROFITS, WHETHER FORESEEABLE OR UNFORESEEABLE, (INCLUDING CLAIMS FOR



LOSS OF DATA, GOODWILL, USE OF MONEY OR USE OF THE DELIVERABLES, INTERRUPTION IN USE OR AVAILABILITY OF DATA, STOPPAGE OF OTHER WORK OR IMPAIRMENT OF OTHER ASSETS), ARISING OUT OF BREACH OR FAILURE OF EXPRESS OR IMPLIED WARRANTY OR REMEDY, BREACH OF CONTRACT, MISREPRESENTATION, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHERWISE.

EXCEPT IN CONNECTION WITH AMOUNTS PAYABLE TO THIRD PARTIES UNDER SECTION 10, OR A BREACH OF SECTION 6, IN NO EVENT WILL THE AGGREGATE LIABILITY WHICH EITHER PARTY, ITS LICENSORS AND RELATED PERSONS MAY INCUR IN ANY ACTION OR PROCEEDING EXCEED THE TOTAL AMOUNT PAID TO AXON (IN THE CASE OF AXON'S LIABILITY) OR PAYABLE TO AXON (IN THE CASE OF CLIENT'S LIABILITY) BY CLIENT IN CONNECTION WITH THE STATEMENT OF WORK UNDER WHICH SUCH LIABILITY AROSE. THIS SECTION WILL NOT APPLY ONLY WHEN AND TO THE EXTENT THAT APPLICABLE LAW SPECIFICALLY REQUIRES LIABILITY, DESPITE THE FOREGOING EXCLUSION AND LIMITATION.

12 Insurance

Axon shall not commence performance of Services until Axon has obtained, at its sole cost and expense, all insurance required under this Section and until such insurance has been approved by the Client. Unless otherwise agreed with the Client, Axon shall not allow any approved subcontractor to commence work on a subcontract until all similar insurance required of the subcontractor has been obtained and approved by Client. Axon agrees to the following:

12.1 Axon shall purchase and maintain in full force and effect commercial general liability insurance with limits not less than one million dollars (\$1,000,000) combined single limit for bodily injury, death, and property damage, including personal injury, contractual liability, independent contractors, broad-form property damage, and products and completed operations coverage, insuring against all liability of Client and the City of San Diego arising out of or in connection with Axon's performance of work under this Agreement.

12.2 Axon shall purchase and maintain in full force and effect worker's compensation and employers' liability insurance during the full term of this Agreement with limits not less than one million dollars (\$1,000,000). Worker's compensation shall provide the statutory benefits in accordance with the laws of the State of California.

12.3 Axon shall purchase and maintain in full force and effect commercial automobile liability insurance with limits not less than one million dollars (\$1,000,000) each occurrence combined single limit for bodily injury, death and property damage, including owned (when applicable) and non-owned and hired automobile coverage, as applicable.

12.4 Axon shall maintain professional liability insurance (errors and omissions insurance) in the minimum amount of one million dollars (\$1,000,000).

12.5 All insurance required to be purchased and maintained by Axon, excepting Workers' Compensation insurance, shall name the Client and the City of San Diego as additional insureds.

12.6 Axon agrees to hold harmless and indemnify Client for any and all claims arising out of any injury, disability, or death of any of Axon's employees or agents and related insurance shall insure the performance of Axon of the indemnity provisions set forth in Section 10 to the extent caused directly and proximately by the gross negligence or willful misconduct of Axon. The Client agrees to hold harmless and indemnify Axon for any and all claims arising out of any injury, disability, or death of any of the Client's employees or agents to the extent caused directly and proximately by the gross negligence or willful misconduct of the Client.



12.7 Axon shall furnish to the Client certificates of insurance evidencing the insurance carried in compliance with this Section 12, including appropriate evidence that each type of insurance has been properly amended to include coverage for the specific project. Each certificate shall contain a provision that at least thirty (30) calendar days' prior written notice will be given to the Client in the event of cancellation, reduction or non-renewal of the insurance.

12.8 Axon waives any right of recovery against Client and the City of San Diego or against the officers, directors, employees, agents and representatives of Client and the City of San Diego for loss of or damage to Axon or its property or the property of others under Axon's control, where such loss or damage is insured against under any insurance policy in force at the time of such loss or damage. Axon shall, upon obtaining the insurance policies required hereunder, give notice to the insurance carriers that the foregoing waiver of subrogation is contained in this Agreement.

13 Assignment

This Agreement shall inure to the benefit of, and be binding upon, the successors and the expressly permitted assignees of the Parties. Neither Party shall assign or delegate any of its rights or duties hereunder to any third party without the prior written consent of the other Party; provided however that no consent shall be required in connection with a Change in Control of a Party.

14 Sub-Contracting

14.1 No service covered by this Agreement shall be subcontracted without the prior written consent of the Client.

14.2 In order to obtain consent, Axon shall submit to Client a list of all potential subcontractors, and a description of the work to be performed by each subcontractor. Once this list has been approved, no changes to the list will be allowed except by prior written consent of Client, such consent not to be unreasonably withheld.

15 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of California without regard to conflict of law principles thereof. The Parties agree to submit to the exclusive jurisdiction of the state or federal courts having jurisdiction over San Diego County, California, in connection with any dispute arising hereunder.

16 Entire Agreement

This Agreement and any Statements of Work executed hereunder represent the entire agreement between the Parties concerning the subject matter of the present transaction, and supersede all prior agreements, commitments and understandings, whether oral or written, concerning such transaction. Each Party to this Agreement acknowledges that no promises, representations, inducements, agreements, or warranties, other than those set forth in such documents, have been made to induce the execution of this Agreement by said Party.

17 Modification, Waiver and Severability

17.1 No modification, course of conduct, amendment, supplement to, or waiver of, this Agreement or any Statement of Work shall be binding upon the Parties unless made in a physical writing (e.g., no e-mail) and duly signed by both Parties, outside or in accordance with the Change Control Procedure.

17.2 Any delay by either Party in enforcing any provision of this Agreement shall not be construed as a waiver of the same. The waiver by either Party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.



17.3 In the event that any one or more provisions in this Agreement shall be held to be invalid, illegal or unenforceable, the remaining provisions of this Agreement shall be unimpaired, and both Parties shall work in good faith to replace the invalid, illegal or unenforceable provision with an equivalent, but valid, legal and enforceable, provision.

18 Notice

Any notice or request required or authorized under this Agreement shall be delivered or sent by pre-paid postage mail or by a commercial overnight carrier (with receipt confirmation) to the address of the other Party set out at the head of this Agreement (or such other address as may have been notified in accordance with this Section). The date upon which such notice or request is actually received by the addressee shall be deemed the effective date of such notice or request, irrespective of the date appearing on such notice or request.

If to Client:

San Diego Data Processing Corporation
Attention: Procurement Manager
5975 Santa Fe Street
San Diego, CA 92109

If to Axon:

Axon Solutions Inc.
Attention: David Corcoran
15 Exchange Place, Suite 730
Jersey City, NJ 07302

19 Force Majeure

Other than for payment of fees due, neither Party shall have any liability to the other for failure to perform its obligations, delay or loss occasioned by circumstances which it is outside the Party's reasonable control to prevent, including war, acts of terrorism, strike, lock-out, industrial dispute, fire, explosion, natural disaster, flood, work stoppages or work shortages (save in relation to work stoppages or work shortages of either Party), transportation strikes or slowdowns, hurricane, power outages, fuel shortages, war, acts of government, illness and death ("force majeure event"). The Party affected shall give the other Party written notice of such force majeure event as soon as reasonably practical. If such delay or failure continues for at least ninety (90) days following receipt of such notice, the Party not affected by such delay or failure will be entitled to terminate the Agreement for cause by notice in writing.

20 Independent Parties

Client and Axon are independent parties. Nothing in this Agreement will be construed to make either Party an agent, employee, franchisee, joint venturer or legal representative of the other Party. Except as otherwise provided in this Agreement, neither Party will either have, or represent itself to have, any authority to bind the other Party or act on its behalf.

21 Dispute Resolution

If a dispute arises from or in connection with any Statement of Work or this Agreement (a "Dispute") it shall be determined in accordance with the following procedure:

21.1 Internal Resolution.

(a) Escalation Process

In the first instance, the following representatives of the parties (or their nominated representatives) shall be responsible for and shall have the appropriate authority to resolve all Disputes hereunder:-



<u>Step</u>	<u>Party</u>	<u>Name</u>	<u>Title</u>	<u>Resolution Period</u>
1	Axon	Ed Tohid	Project Manager	14 Working Days
	Client	Lori Jo Zehner	Procurement Manager	
2	Axon	Steve Wilkes	Engagement Director	14 Working Days
	Client	Don Del Rio	Corporate Counsel	

(b) Final Resolution

In the event that, despite all efforts of the above process, the Dispute remains unresolved, before either party may resort to any other process under the remainder of this Section 21, either party may refer the Dispute in writing for final settlement to the President of Axon and the Tom Fleming, President & CEO of the Client. The Parties shall ensure that their respective representatives shall, for a period of fourteen (14) days from the date of the written reference (the "Final Resolution Period"), use all reasonable endeavors to reach a reasonable resolution of the Dispute.

21.3 Courts. If the Parties have not resolved the Dispute by the end of the Final Resolution Period and the Parties do not agree to any alternative procedure (i.e., mediation or expert determination) or the Dispute is not resolved, then the courts set forth in Section 15 above shall have exclusive jurisdiction with respect to such Dispute.

21.4 Equitable Remedies. Nothing contained in this Agreement shall prevent or otherwise restrict either Party from pursuing its equitable rights, including injunctive relief, and specific performance in the event of any material breach by the other Party.

AS WITNESS the hands of a duly authorized representative of the Parties to this Agreement on the Agreement Date.

Signed for and on behalf of the Client:

Signed for and on behalf of Axon Solutions Inc:

By: Tom FlemingBy: Stephen J. Wilkes
2007.09.28
20:01:43 -05'00'

Name Tom Fleming

Name Steve Wilkes

Title President & CEO

Title Executive Vice President

Approved as to Form:

By: Don O. Del Rio
Corporate Counsel
San Diego Data Processing Corp.

San Diego Data Processing Corporation

***mySAP ERP Implementation:
Statement of Work***

Final Version

September 28, 2007

**Axon Contact
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DOCUMENT CONTROL

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Status	Draft

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STATEMENT OF WORK

THIS STATEMENT OF WORK ("SOW") is entered into as of this 28th day of September (the "Effective Date") by and between AXON SOLUTIONS INC, a Delaware Corporation, with principal offices at 15 Exchange Place, Suite 730, Jersey City, NJ 07302 (hereinafter "Axon"), and the SAN DIEGO DATA PROCESSING CORPORATION, a non-for-profit organization, with principal offices at 5975 Santa Fe Street, San Diego, CA 92109 (hereinafter "DPC").

This SOW is supplemental to the Master Services Agreement between Axon and DPC dated September 28, 2007 (the "Master Agreement") dated as of even date therewith. Capitalized terms not defined herein shall have the meanings attached to them in the Master Agreement.

IN WITNESS WHEREOF, a duly authorized representative of each party has executed this SOW on the Effective Date.

SAN DIEGO DATA PROCESSING CORPORATION: AXON SOLUTIONS INC:

By: Tom Fleming
Name: Tom Fleming
Title: 9/28/07

By: Stephen J. Wilkes
Name: Stephen J Wilkes
Title: Executive Vice President
2007.09.28
20:00:09 -05'00'

Approved as to Form:

By: [Signature]
Don O. Del Rio
Corporate Counsel
San Diego Data Processing Corp.

1 mySAP ERP Implementation Objectives

Background

The major software systems currently being used by the Department of Finance and Business and Support Services no longer meet the City of San Diego's (the "City") requirements for responsible financial management, efficient human resources management, and Information Technology ("IT") operational efficiency. The City has decided to replace the systems supporting Finance, Purchasing & Contracting, Human Resource Management, and Payroll with a mySAP ERP platform.

DPC selected Axon to assist and provide the leadership necessary to implement the mySAP products. This SOW describes the services to be provided to support the Project.

Benefits

By implementing mySAP ERP and engaging in this Project, DPC and the City expect to:

- ⊙ Implement a system that promotes **effective and efficient management of the City's financial data** and the preparation of timely and accurate Comprehensive Annual Financial Reports
- ⊙ Implement a **compliant system** that provides a complete audit trail, and supports Sarbanes-Oxley compliance
- ⊙ **Integrate** financial and non-financial modules and provide drill down capabilities to integrated data and reduce business process fragmentation by providing a unified vision for financial and business support applications
- ⊙ **Deliver standardized and efficient business processes** by leveraging "best business practices" across the City
- ⊙ Provide the **foundation** for the City's IT application architecture that is capable of meeting the City's IT needs for the next fifteen (15) plus years.

Guiding Principles

The program will be implemented utilizing the following guiding principles:

- ⊙ A single SAP instance that delivers the core financial and materials management requirements of Phase 1, and provides for a sound platform for functionality that may be deployed as part of later phases
- ⊙ Where possible legacy applications will be replaced by the SAP system. Integration will be needed and will occur between SAP and other business applications as defined in this SOW.
- ⊙ Standards developed in Phase 1 will be used as the basis for all future deployments and will be maximized by:
 - *Adopting consistent processes and common data standards*
 - *Re-using standardized interfaces*
 - *Reusing available reports rather than recreating existing legacy reports*
 - *Minimizing the number of enhancements*
 - *Allowing no changes to SAP core code.*

Any deviations from the above will require Project Steering Committee approval. The Project Steering Committee shall consist of DPC, City and Axon executive staff.
- ⊙ Master data and open legacy transaction data (e.g. account/inventory balances) will be migrated to the new SAP systems. Meanwhile legacy transaction history will not be migrated to SAP but will instead be viewable through an archive tool or the legacy system itself
- ⊙ DPC has procured mySAP ERP on behalf of the City and will be supported by systems integration expertise from Axon. DPC and the City will adopt SAP knowledge and experience through:
 - *Individually-tailored personal development programs for core team members*
 - *Specialized training classes*

On-the-job training through active participation the implementation

- ⊙ The mySAP ERP Program is a key enterprise-wide initiative for the City and DPC, and will coordinate and manage dependencies with other strategic business initiatives to ensure appropriate alignment of timelines and resources
- ⊙ The mySAP ERP Program will require committed and dedicated resources of top performing individuals in each of the functional areas covered in scope. In addition, as part of SAP knowledge transfer it is expected that Project resources will play an ongoing role in supporting the user community and in future implementations
- ⊙ Change management, user education and training will be supported by Axon, DPC and City resources. A comprehensive training program will be delivered through a combination of SAP classes, education workshops and computer-based training.

2 Program Scope

The following sections present an overview of the proposed scope of the SAP Implementation program ("Program"). This Section 2 defines the Organizational Scope, Business Process Scope, SAP Module Scope, Programming Scope, Technical Scope, Training and Change Management Scope, Benefits Delivery Scope.

Program Overview

This SOW includes Phase 1 and Phase 2.

The overall Program includes Phases 1 and 2 and an optional Phase 3 (defined as "Projects". Phase 1 will include the implementation of mySAP ERP Financials & mySAP ERP Operations (Procurement & Inventory). Phase 2 will include mySAP ERP Human Capital Management and the optional Phase 3 encompasses Budget Preparation and Tax and Revenue Management.

Organizational Scope

This Program will deliver mySAP ERP across the Finance, Purchasing and Human Capital Management functions for the City. It encompasses the estimated number of users by functions:

FUNCTION	Estimated Users	
	Low	High
General Ledger	450	800
Accounts Payable	100	250
Accounts Receivable	100	250
Fixed Assets	100	300
Project Cost Accounting	100	300
Procurement		
Purchasing	450	600
Contracting	15	20
Inventory	50	150
Grants	50	100
Treasury		
Treasury Operations	40	100
Collections	50	70
Debt Management	15	25
Business Tax & Rental Unit Tax *1	657	800
Transient Occupancy Tax	20	30
Budgeting	350	600
Personnel	300	450
Recruiting / Application Tracking *2	25	150
Position Control	20	50
Compensation	20	50
Benefits *3	10	15
Time Collection *5	9,500	10,500
Payroll	150	300
Employee Self-Service *5	9,500	10,500
Employee Dev - Performance Reviews *4	800	1200
Employee Dev - Training *5	9,500	10,500
Utilities Customer Information System	300	500
Data Warehouses		
Business Objects	100	600
Simpler Financial Systems	400	700

Business Process Scope

The services will include the implementation of the following SAP modules and City business processes.

A more detailed list of functionality to be implemented is included in Attachment #1. The functionality listed in Attachment #1 is not intended to be a comprehensive list of functions implemented; it is simply a more detailed explanation of the business processes currently in scope. The final list of functionality to be implemented will be determined after the Blueprint Phase.

Phase 1:

ERP Financials Application Scope		
SAP Component	Sub Function	Core Business Processes
Financial Accounting	General Ledger	Maintain Chart of Accounts
		G/L documents – G/L Journals, Recurring & Accruals
		Month end processing
		Year end processing
		Open period adjustments
		Allocations
		Inter-agency transactions
	Accounts Payable	Manage Vendors and Terms
		Delete / Archive Vendor
		Invoice entry referencing a Purchase Order
		Miscellaneous Invoice Entry
		Payment processing (checks, ACH, Wires)
		Manual Checks
	Accounts Receivable	Standard Cash Sale
		Manage Customers and Terms
		Miscellaneous Invoices
		Outbound correspondence
		Billing

ERP Financials Application Scope		
SAP Component	Sub Function	Core Business Processes
		Installments
		Dunning
		Write off
		Bad debts
		Doubtful debts
		Limited Customer Interaction Center
		Payment processing (lockbox, cash desk)
		Return processing
		Closing processing
		Manual postings/adjustments
	Fixed Asset Accounting	Maintain Asset Master Data - create (and other maintenance transactions)
		Depreciate Fixed Assets
		Transfer, retire, sell Fixed Asset and purchased / constructed Fixed Asset
		Report Fixed Assets - general financial reporting
	Bank Accounting	Maintain Bank Master Data
		Reconcile Cash Balances
		Process Bank Statement
	Financial Statements	Manage Financial Statements
Financial Supply Chain Management	Cash & Liquidity Management	Manual Cash Planning
	Treasury & Risk Management	Long Range Cash Planning
Management Accounting	Cost Center & Internal Order Accounting	Maintain CO Master Data - Cost Centers & Standard Hierarchy
		Maintain CO Master Data - Activity Types
		Maintain CO Master Data - Actual

ERP Financials Application Scope		
SAP Component	Sub Function	Core Business Processes
		Overhead % calculations & rates
		Create Internal Orders
		Execute Actual Settlement
		Maintain & Execute Actual Cost Center Allocations
		Enter Actual and Planned Stat. Key Figure values
		Enter financial cost corrections in Controlling Module
		Maintain CO Master Data – Construction in Process
	Project Accounting	Create Capital / Maintenance Project & WBS Structure
		Plan Project Costs
		Capture Project Costs
		Settle Project Costs
		Periodic Settlement to Asset Under Construction
		Close Project
	Budgeting Control	Budget Process – Extraction from SAP for budget preparation
		Budget Process – Upload of finalized budget into SAP

ERP Procurement & Logistics Execution Scope		
SAP Component	Sub Function	Core Business Processes
Procurement	Requisitioning	Create Requisitions
		Manage Approvals & Workflow
	Purchase Request Processing	Manage Vendor Master Data
		Automatic Conversion of Requisitions

ERP Procurement & Logistics Execution Scope		
SAP Component	Sub Function	Core Business Processes
		to Purchase Orders
		Allocate Sources of Supply
	Purchase Orders	Create Manual Purchase Orders (Stock, non-Stock and Services)
		Create Purchase Orders from RFP
		Maintain Prices / Purchasing Info Records
		Manage Blanket Orders
		Manage Framework Agreements
	Receiving	Goods Receipt
		Service Entry
		Returns
	Financial Settlement	Invoice Verification
Inventory & Warehouse Management	Warehousing & Storage	Transfer Postings – Plant to Plant / Storage Location to Storage Location
		Material Master Records
		Create Manual Allocations
		Disbursements / Goods Issues
	Physical Inventory	Cycle Counting
		Wall-to-Wall Inventory
		Process Stock Discrepancies

Procurement for Public Sector Scope		
SAP Component	Sub Function	Core Business Processes
Public Tendering	Public RFx Publishing	Create and Review RFP Package
		Publish RFP Package
		Manage RFP Package Addendums

Procurement for Public Sector Scope		
SAP Component	Sub Function	Core Business Processes
	RFx Response Evaluation	Evaluate and award RFx Responses
Contract Management & Administration	Complex Contract Creation	Create Contract from RFP
	Close Out Execution	Conduct Contract Close-Out
	Contract Tracking & Monitoring	Monitor Contract Performance
	Incident Handling	Manage Contract Change Requests

Industry Solution for Public Sector (IS-PS) Scope		
SAP Component	Sub Function	Core Business Processes
IS-PS	Grants Management	Preparing Grant Application (pre-award)
		Recording Sponsor's Decision
		Executing the Awarded Grant
		Pass-through of Grants
		Expenditure Certification
		Master Data Maintenance
		Billing of Grantor
		Budget and Availability Control
	Funds Management	Master data maintenance
		Budget and Availability Control
		Periodic Closing
		Manual Adjustments

Governance, Risk & Compliance		
SAP Component	Sub Function	Core Business Processes
Governance, Risk & Compliance	Compliance	Process Control
		Access Control

ERP Analytics Scope		
SAP Component	Sub Function	Core Business Processes
Financial Analytics	Financial & Management Reporting	
Operations Analytics	Procurement Analytics	
	Inventory & Warehouse Management Analytics	

Phase 2:

Human Capital Management Application Scope		
SAP Component	Sub Function	Core Business Processes
Talent Management	eRecruitment	External & Internal Job Postings
		Applicant Tracking
		Interview Process Management
	Learning Solutions (the extent that Learning Solutions will be implemented will be determined during the Blueprint phase)	Listing of Training Events
		Enrollment in Training Events (other functionality out of scope includes training development platform, on-line training hosting platform)
	Employee Performance Management	Appraisals & Qualifications
	Compensation Management	Annual Salary and Bonus Adjustments
Workforce Process Management	Employee Administration	Handling of hires, transfers, leave of absence, promotions, terminations, and other personnel actions
	Organizational Management	Organization Units, Jobs, Positions & Reporting Relationships
	Benefits Management	Listing of Benefit Plans
		Benefit Eligibility Rules
		Annual Enrollment
		Life Event Changes
		Benefit Costs (excludes claims processing or plan administration)
	Time and Attendance	Recording of Working Time
		Recording of Absences
		Tracking of Vacations
		Evaluating Time
		Transferring Time to Payroll
	Payroll and Legal Reporting	Calculating of Gross Payroll
		Deductions

Human Capital Management Application Scope		
SAP Component	Sub Function	Core Business Processes
		Taxes
		Garnishments
		Third-Party Remittance
		Tax Filing
		Tax Payments
		W-2 Processing
	HCM Processes & Forms	
Self-Service	Employee Self Service	Standard SAP ESS Functionality
	Manager Self Service	Standard SAP MSS Functionality

ERP Analytics Scope		
SAP Component	Sub Function	Core Business Processes
Workforce Analytics	Workforce Process Analytics and Measurement	

Phase 3:

Industry Solution for Public Sector Scope		
SAP Component	Sub Function	Core Business Processes
IS-PS	Collections & Disbursements (i.e. Tax & Revenue)	Outbound correspondence
		Billing
		Installments
		Dunning
		Write off
		Bad debts
		Doubtful debts
		Limited Customer Interaction Center
		Payment processing (lockbox, cash desk)
		Return processing
		Closing processing
		Manual postings/adjustments

ERP Analytics Scope		
SAP Component	Sub Function	Core Business Processes
Financial Analytics	Financial Planning, Budgeting & Forecasting (Preparation & Execution)	Budget Process - Version Management
		Labor Planning
		Enter Activity Type Plan Data (output planning)
		Budget Process - Planning Labor Transfer to CO and PS
		Budget Process - Operations and Maintenance O&M Budget
		Budget Process - Revenue Budget
		Budget Process - Capital Budget -

ERP Analytics Scope		
SAP Component	Sub Function	Core Business Processes
		Annual and 5 Year
		Budget Process - Capital Budget – Master Plan
		Budget Process - Planned Allocations
		Budget Process - Plan Settlement
		Budget Process - Long Range Budget Modules
		BI Planning Integration

SAP Component Scope

The following table outlines the City's business processes as they correspond to SAP components.

DPC Process	mySAP Human Capital Management	mySAP Financials	mySAP Supplier Relationship Management	mySAP Material Management	Industry Solution for Public Sector (IS-PS)	NetWeaver	Notes
Personnel	X						
Self Service	X						
Compensation	X						
Benefits	X						
Recruitment & App Track	X						
Time Collection	X						
Position Control	X						
Payroll	X						
Employee Development	X						
GL		X			X		Includes IS-PS Funds Management

DPC Process	mySAP Human Capital Management	mySAP Financials	mySAP Supplier Relationship Management	mySAP Material Management	Industry Solution for Public Sector (IS-PS)	NetWeaver	Notes
Procurement			X				
AP		X					
AR		X					
Fixed Assets		X					
Inventory				X			
Grants					X		IS-PS Grants Management
Projects		X					
Treasury		X					
Debt Mgmt.		X					
Taxes					X		IS-PS Disbursements & Collections
Collection					X		IS-PS Disbursements & Collections
Budgeting						X	BI - Integrated Planning

Programming Scope (FRICE-W)

FRICE-W is the term used for Forms (printing requirements), Reports, Interfaces, Conversions, Enhancements and Workflow. FRICE-W effort is used to tailor the SAP application and business processes to meet the specific needs of the City. Each FRICE-W area requires some degree of programming effort.

As much as possible, DPC and Axon have estimated the FRICE-W effort from already Specified FRICE-W requirements and predicted additional effort for Unspecified FRICE-W requirements. The resulting scope of Services includes an estimate of 22,760 FRICE-W development hours and an additional 7,216 hours for the optional Phase 3. Additionally, Axon will train DPC and City personnel in SAP's programming languages and tools. DPC personnel will contribute to FRICE-W development effort as outlined in Section 4 under the guidance of Axon.

During the Business Blueprint Phase of the implementation DPC and the City will determine which standard SAP capabilities will be utilized. Based upon the results of that analysis the final FRICE-W hours will be determined.

Should additional FRICE-W programming hours be required beyond the allocated hours, additional hours

shall be added to this SOW based upon the type and complexity of the development as specified in the following table.

Custom Object Development Hours					
Complexity	Very Low	Low	Medium	High	Very High
Form	16	40	80	160	240
Report	16	40	80	160	240
Interface	16	40	80	160	240
Conversion	16	40	80	160	240
Enhancement	16	40	80	160	240
Workflow	20	40	80	120	240
BW Infocube sets	40	120	200	320	400

Unspecified FRICE-W Requirements

The detailed requirements associated with the development objects will be defined during the Business Blueprinting Phase of the Project related to:

- ⊙ Forms
- ⊙ Reports, including:
 - ABAP Reporting
 - SAP Report Writer
 - Ad-hoc queries
- ⊙ Interfaces (Covered in Section 2.4)
- ⊙ Conversions including:
 - Legacy Systems Migration Workbench ("LSMW")
 - Computer Aided Test Tool ("CATT") scripts to support data conversion
- ⊙ Enhancements & User Exits
- ⊙ Workflow Configuration & Custom Programming
- ⊙ EDI / IDOC Messages

During the Business Blueprint (design) Phase, the Axon team will develop functional specifications for each identified FRICE-W component, and in doing so will determine the level of effort required to complete the development. This will provide a running total of the overall level of development effort required and will also allow DPC and City Project leadership to prioritize developments. Should the final estimates exceed the resource estimates provided for in this SOW, the request for additional hours and resources will be governed by the Change Control procedures outlined in Section 7.

Specified FRICE-W Requirements

The following development objects were specified and assumed when determining overall FRICE-W resource estimates. However, both specified and unspecified objects will be defined and prioritized during the Business Blueprint Phase.

Reports

After reviewing your list of current reports and based on our experience with similar clients we have estimated your custom operational reporting requirements as follows:

Report Category	Medium Complexity	High Complexity
General Ledger	8	
Accounts Payable	5	
Accounts Receivable	5	
Fixed Assets	4	
Financial Management (Budget)	4	2
Treasury Operations	4	2
Debt Management	4	
Purchasing	8	
Contracting	4	
Inventory	4	
Project Accounting	4	
Grant Accounting	4	1
Personnel	6	1
Payroll	6	1
Time Keeping	6	1
Position Control	2	1
Benefits	4	1

Interfaces

The following interfaces and assumed interfacing techniques have been identified:

- ⊙ SDCERS – San Diego City Employees Retirement System – BDC Batch
- ⊙ ITSS – Injury Tracking System – BDC Batch
- ⊙ CIS - Customer Information System (Utilities Billing) – BDC Batch
- ⊙ PTS – Permit Tracking System – BDC Batch
- ⊙ RAD – Refuse and Disposal – BDC Batch
- ⊙ EDI - XI
- ⊙ LIBS – Lease Information Billing System – BDC Batch
- ⊙ TTCS – Treasurers Tax Collection System – BDC Batch
- ⊙ TOT – Transient Occupancy Tax – BDC Batch
- ⊙ Fleet Focus – Fleet Vehicle Management – BDC Batch
- ⊙ Avanti – Print Shop Billing – BDC Batch
- ⊙ Benefits Provider Integration (assume as least 12 interfaces required) - TBD
- ⊙ IVR – IDOC or Web services

Workflow

Axon has assumed the following medium level complexity workflows will be required. Workflow automation is an important Project objective and standard workflows will be leveraged wherever possible. The following table summarizes the number of estimated workflows for Phases 1 & 2 of the implementation:

Functional Area	Medium Complexity	High Complexity
Financial	4	
Purchasing/Contracts	3	1
Human Resources/ Payroll	10	

Technical Scope

The technical scope of the Program Services will include the following:

NetWeaver	<ul style="list-style-type: none"> ⊙ Knowledge Management <ul style="list-style-type: none"> ➤ Integrated Planning – BW-BPS ⊙ Portals ⊙ Technology <ul style="list-style-type: none"> ➤ XI ➤ Web AS
BASIS Administration	<ul style="list-style-type: none"> ⊙ Design Architecture ⊙ Support System Sizing ⊙ Installation ⊙ Maintain the Environments ⊙ Manage Transports ⊙ System Security and Audit Compliance ⊙ Performance Tuning ⊙ Authorizations and Roles ⊙ Solution Manager Configuration for Runtime

Training and Change Management Scope

A core principal in Axon's Project implementation approach is effective knowledge transfer of SAP skills to DPC and the City's Project team. While much of this will be achieved with daily interaction, throughout design and testing activities on the Project, there are some specific training activities that will be delivered by Axon.

To manage these Services, Axon will provide a Change Management Lead and a Training Architect, and will leverage the Services of SAP Education for the end-user training curriculum development.

Core Team Training

DPC will use SAP provided training and training solutions for foundational and advanced subject matter training. During the Project Preparation Phase, Axon will work with DPC and SAP to create a detailed Project plan for the Project team members. In addition, Axon will provide SAP overview functional training

to the core DPC and City team (workstream leads and members). These modules are not intended to make experts of the attendees; rather they are to provide a solid grounding in the core functionality, vocabulary and principals of the SAP system.

End-user Training

Axon's Training Architect will own and deliver the training strategy and plan. This individual together with SAP Education will drive the development of training materials, provide templates, accelerators and other tools that the trainers will use to develop and deliver the training. DPC will provide a full time counterpart.

The actual training will be delivered through a train-the-trainer approach where Axon will train DPC and City Project team members who will in turn train the user group. The exception to this will be for the casual users (including requisitioners, approvals and those running reports only). The assumption is that the while SAP Education will create the training materials, actual training will be delivered by DPC and the City's in-house trainers, coupled with CBT courses created in the Productivity Pak solution.

Specifically, the following services will be provided by SAP to support end user training:

- ⊙ During the Blueprint Phase, Axon personnel will work in an integrated manner with the Project organization, Change team and the Blueprint design team to define overall training strategy, project plan, curriculum maps and training design documents in addition to setting up Productivity Pak's framework and structure
- ⊙ During the Realization Phase, Axon will ramp up its team of developers to create the complete set of training materials defined during the Blueprint Phase in addition to a robust on-line support toolset. Assumptions made to support the development of end user training materials, exercises and data are:
 - ⊙ 21 days of custom-built participant and instructor guides (ppt)
 - ⊙ 250 work instructions and simulations
 - ⊙ 105 task exercises and transactional datasets
 - ⊙ Custom development of self-paced e-learning class for online learning for ESS
- ⊙ Axon will facilitate four (4), two (2) day workshops to prepare DPC and the City's designated instructors to deliver the end-user classroom training curriculum
- ⊙ Dry-runs of training courses will be conducted and Axon will support finalization of materials based on pilot/dry run feedback.

Technical Team Training

Formal training for the technical team in BASIS, ABAP and NetWeaver will not be provided by Axon. Axon recommends DPC personnel attending training courses at SAP America. Axon Consultants (Technical Architect and ABAP developers) will QA DPC's consultants work although will not be providing formal ABAP training.

Change Management

The following table summarizes certain components of the key change related deliverables (including Training).

Change Deliverable	High Level Deliverable Objectives	Related Business Change Activities
Role Mapping	<ul style="list-style-type: none"> ⊙ Represents central role design – confirms which roles will perform which task ⊙ Identifies key departmental skills gaps ⊙ Drives segregation of duties ⊙ Enables confirmation of security and authorization model 	<ul style="list-style-type: none"> ⊙ Manager briefing ⊙ Detailed role – job mapping ⊙ Training scheduling ⊙ Training needs analysis ("TNA") ⊙ SAP authorizations design

Change Deliverable	High Level Deliverable Objectives	Related Business Change Activities
	<ul style="list-style-type: none"> ⊙ Enables identification of user readiness requirements 	
Training Needs Analysis	<ul style="list-style-type: none"> ⊙ Identification of optimal / preferred training delivery mechanisms ⊙ Confirm preferred learning styles ⊙ Approve proposed training schedule ⊙ Identify fit / gap against defined business competency framework ⊙ Identification of broader business, behavioral and technology skills development requirements ⊙ Highlight key motivational factors 	<ul style="list-style-type: none"> ⊙ Training scheduling ⊙ Skills and competency development framework ⊙ Personal development plans
Training Schedule	<ul style="list-style-type: none"> ⊙ Detailed schedule of user assignment to training courses ⊙ Supports management of overall business risk 	<ul style="list-style-type: none"> ⊙ Manager briefing ⊙ Training delivery ⊙ User adoption
Role Leaflets	<ul style="list-style-type: none"> ⊙ Overview of key accountabilities, responsibilities and tasks associated with 'to-be' roles ⊙ Key role-focused communication deliverable ⊙ Inform end-users of key process and role changes 	<ul style="list-style-type: none"> ⊙ Manager briefing ⊙ Manager cascade ⊙ User orientation
Manager Cascade	<ul style="list-style-type: none"> ⊙ Departmental City managers review 'to-be' roles and competencies with individuals within their teams ⊙ Identify 'to-be' responsibilities, behaviors and competencies with first line staff ⊙ Identify on-going performance management framework ⊙ Develop shared understanding of 'What Success Looks Like' ⊙ Clarify skills gaps and skills development opportunities ⊙ Reinforce key adoption principles 	<ul style="list-style-type: none"> ⊙ User orientation ⊙ Training scheduling ⊙ Team ownership of solution
Rules of the Game	<ul style="list-style-type: none"> ⊙ Highlights 'What needs to be done to get it right and do it well' ⊙ Supports key behavioral education and reinforcement ⊙ Aligned to cultural change messages 	<ul style="list-style-type: none"> ⊙ Manager briefing ⊙ Manager cascade ⊙ Role education ⊙ Key behavioral reinforcement
Role Handbooks	<ul style="list-style-type: none"> ⊙ Detailed definition of role specific attributes and characteristics, including: <ul style="list-style-type: none"> ➢ Accountabilities ➢ Responsibilities ➢ Tasks and procedures ➢ Key relationships ➢ Objectives and measures 	<ul style="list-style-type: none"> ⊙ Enable full role implementation ⊙ Role and behavioral education (including reinforcement training) ⊙ Competency and performance management

Change Deliverable	High Level Deliverable Objectives	Related Business Change Activities
	<ul style="list-style-type: none"> ➤ Behavioral competencies ➤ Technical competencies ➤ Positive / negative behaviors ⊙ Achieve transparent clarity of roles 	<ul style="list-style-type: none"> framework ⊙ Cultural and behavioral education
Role Transition Plans (Stop – Start – Continue Guides)	<ul style="list-style-type: none"> ⊙ Details key end-user transitional plans, including: <ul style="list-style-type: none"> ➤ Responsibilities and tasks that will not continue post implementation ➤ Responsibilities and tasks that will continue, but outlining the key process, data, reporting and technology differences ➤ New tasks and responsibilities that will be required following implementation ➤ Identify new relationships and accountabilities 	<ul style="list-style-type: none"> ⊙ User transition planning ⊙ User orientation ⊙ Manager briefing ⊙ Manager cascade
Skills Matrix / Gap Analysis	<ul style="list-style-type: none"> ⊙ Highlights identified skills and competencies against role vs. job holders capabilities 	<ul style="list-style-type: none"> ⊙ Detailed role – job mapping ⊙ Detailed TNA ⊙ Skills development and coaching program
Training Manuals	<ul style="list-style-type: none"> ⊙ Business process clarity ⊙ Identification of role hand-offs ⊙ Identification of critical controls ⊙ Detailed transactional documentation ⊙ Process maps 	<ul style="list-style-type: none"> ⊙ Classroom based training ⊙ End-user support
Quick Reference Cards	<ul style="list-style-type: none"> ⊙ Provide key transactional and process quick reference to end-users 	<ul style="list-style-type: none"> ⊙ User adoption ⊙ Training delivery ⊙ End-user support
Communications Plan	<ul style="list-style-type: none"> ⊙ Outlines the overall communications plan for the project, highlighting communications events, channels and mechanisms 	<ul style="list-style-type: none"> ⊙ Workstream specific communications plan and communications deliverables ⊙ Stakeholder and change leadership plan ⊙ All communications activities are integrated and aligned around the communications plan
Vision Roadshows	<ul style="list-style-type: none"> ⊙ Share the project vision and objectives ⊙ Sell project benefits ⊙ Outline project timescales 	<ul style="list-style-type: none"> ⊙ User orientation
Future Rooms / SAP Cafes	<ul style="list-style-type: none"> ⊙ Allow end-users to experience the future solutions and process vision 	<ul style="list-style-type: none"> ⊙ User orientation ⊙ User adoption
Count-Down Posters / Fact Cards	<ul style="list-style-type: none"> ⊙ Reinforce cut-over activities, including: <ul style="list-style-type: none"> ➤ User education events ➤ End-user training 	<ul style="list-style-type: none"> ⊙ User orientation ⊙ User transition ⊙ End-user support

Change Deliverable	High Level Deliverable Objectives	Related Business Change Activities
	<ul style="list-style-type: none"> ➤ Role education ➤ Manager cascade and briefings ➤ Support processes and procedures ➤ Self-help / on-Line help capabilities ⊙ Maximize awareness of cut-over and imminent Go-Live 	

Business Transformation Scope

Business Benefit Analyses and Realization

The success of this Program can largely be measured by the tangible and intangible benefits the City achieves as a result of the successful implementation of the new system and related processes. To ensure that the opportunities for benefits are clearly identified, quantified, and achieved Axon will perform the following activities:

Initial Business Benefit Analyses

Axon will conduct an analysis of the major benefits (four to six) which could potentially be realized by the City as a result of the transition to best practice. For each potential benefit identified, Axon, in conjunction with accountable City functional and departmental managers, will determine the magnitude of the potential benefit together with the specific actions which need to be performed for the benefit to be realized. In order to ensure that the solution supports the delivery of the identified benefits, the benefits analysis phase also determines which aspects of the solution design must be present for the identified benefit to be enabled.

The confirmed benefits and the agreed benefits realization plans will be documented. In all cases a base and stretch benefits case will be identified in order to allow City executives to understand the potential scale of achievable benefits. The final developed benefits case will be submitted to the Project Steering Committee for review and sign-off.

Benefit Enablement Audit

In order to ensure that the benefits case is being enabled by the developing design, the original Axon Benefits Consultants conduct a Benefits Enablement Audit part-way through the Realization Phase of the overall Program. The Benefits Enablement Audit reviews the originally identified benefits enablers and confirms that the developing design continues to support their enablement.

In parallel, the audit also reviews the original benefits analyses with the identified departments to confirm both the scale of the benefits and the respective realization plans in the light of the manager's increased knowledge of the scope, approach and objectives of the overall SAP Program. The output of the audit is a re-validated benefits case linked to the SAP software design.

Business Benefit Realization

The Benefits Realization Phase is scheduled three (3) months following the Phase 1 and 2 Go Lives, i.e. following the completion of post-implementation stabilization activities. The Benefits Realization Phase is focused on managing the delivery of the agreed Benefits Realization plans. The Phase involves grouping individual plans into a coherent set of appropriately resourced realization plans, and then providing support and coaching to the City managers accountable for benefit delivery in order to ensure that the originally approved benefits case is realized.

3 Implementation Approach

Axon's approach follows the major Phases of the ASAP methodology.

- ⊙ Project Definition
- ⊙ Business Blueprint
- ⊙ Realization
- ⊙ Final Preparation
- ⊙ Go-Live and Support

Milestones and Deliverables

The tables contained in this Section list the key milestones and Deliverables of the Project according to the ASAP methodology. During the Project, the Deliverables and milestones listed will form the basis of the status reporting of the Project's progress.

The tables below describe the responsibilities and obligations of each Party with respect to each Deliverable and milestone listed in this Section, including where both Parties are designated as having accountability for the applicable deliverable or milestone. The following shows the key that is used to identify accountability for each deliverable and milestone:

[R] Responsibility

Indicates that the designated Party has responsibility and accountability for the applicable Deliverable or milestone.

[S] Support

Indicates that necessary assistance is to be provided by the designated Party to the Party with the primary responsibility for the applicable Deliverable or milestone.

[A] Approve

Indicates that the designated Party is responsible for approving the applicable Deliverable or milestone.

[] Not Applicable

A blank cell indicates that the designated Party has no responsibility with respect to the applicable deliverable or milestone.

Acceptance Procedure

The acceptance procedure for all Deliverables outlined in this SOW will be as follows:

- ⊙ Axon will work with DPC personnel to gather input and review draft Deliverables
- ⊙ When complete, final Deliverables will be reviewed and signed off by DPC utilizing a mutually agreed Acceptance Form
- ⊙ The Acceptance Form should be physically signed (or electronically signed if in APSE) indicating approval or disapproval by DPC within five (5) business days
- ⊙ If a Deliverable is neither approved nor rejected within five (5) business days, the Deliverable will be deemed to have been approved by DPC without change or comment
- ⊙ If DPC is not able to approve a Deliverable, DPC will provide Axon with a description of why the Deliverable cannot be approved. If required, the parties will meet to discuss the deficiency of the Deliverable in detail
- ⊙ The Axon Project Manager will inform DPC if delays are to be incurred due to the Deliverable Acceptance forms not being signed and returned in a timely manner. Axon will indicate, via the Weekly Status Report, any potential impact to the Project timeline for delayed acceptance.

The DPC Project Manager or his/her authorized designee(s) will review and approve all of the Deliverables identified in the following tables. If the DPC Project Manager determines that additional people need to review and/or approve a Deliverable, it will be the responsibility of the DPC Project Manager to solicit such review / approval. Each Deliverable will be assigned to an owner as determined during the Project Definition Phase. Deliverable owners will be responsible for the submittal of their Deliverables via the APSE toolset (or other designated tool).

Project Definition Milestones and Deliverables

Milestones and Deliverables	Accountability	
	Axon	DPC
PD - 01 Mobilization Team Established	R	R
PD - 02 Implement Decision Making Model ²	R	R, A
PD - 03 Present Project Methodology and Quality Standards for Review	R	A
PD - 04 Project Methodology and Quality Standards Approved	S	R, A
PD - 05 Project Toolset Configured and Available	R	S, A
PD - 06 Project Office Established	R	R
PD - 07 Project Organization / Roles and Responsibilities Implemented	R	R, A
PD - 08 Provide Existing DPC Process Documentation		R
PD - 09 High Level Scope and Functional Requirements Documented	R	S, A
PD - 10 High Level Functional Scope Approved	S	R, A
PD - 11 City High Level Reporting Hierarchy Approved	R	S, A
PD - 12 Provide Legacy Systems Architecture		R

Milestones and Deliverables	Accountability	
	Axon	DPC
PD – 13 High Level Interface Scope Approved	<i>R</i>	<i>S, A</i>
PD – 14 High Level Data Migration Strategy Approved	<i>R</i>	<i>S, A</i>
PD – 15 Validation Workshop Materials Available	<i>R</i>	<i>S, A</i>
PD – 16 Issue Draft Technical Architecture	<i>R</i>	<i>S</i>
PD – 17 Technical Architecture Approved	<i>R</i>	<i>S, A</i>
PD – 18 Development System Infrastructure Requirements Identified	<i>R</i>	<i>S, A</i>
PD – 19 Development System Installed and Commissioned	<i>R</i>	<i>R, A</i>
PD – 20 Issue Best Practice Stakeholder Engagement Strategy	<i>R</i>	
PD – 21 Stakeholder Engagement Plan Approved	<i>S</i>	<i>R, A</i>
PD – 22 Propose Best Practice Communication Strategy and Materials	<i>R</i>	
PD – 23 Communication Strategy Approved	<i>S</i>	<i>R, A</i>
PD – 24 Provide Existing DPC and City Role, Competency and Org Design Documentation		<i>R</i>
PD – 25 Identify Best Practice Organizational Change Approach	<i>R</i>	<i>S</i>
PD – 26 Organizational Change Strategy Approved	<i>S</i>	<i>R, A</i>
PD – 27 Propose Best Practice Training Strategy and	<i>R</i>	<i>S, A</i>

Milestones and Deliverables	Accountability	
	Axon	DPC
Design Methodology		
PD – 28 Enterprise Learning Assessment Published	R	S, A
PD – 29 Project Team Mobilized and Orientated	R	R
PD – 30 Project Risk Register Published	R	R, A
PD – 31 Project Definition Report Published	R	S, A
PD – 32 Project Infrastructure Requirements Identified	R	S, A
PD – 33 Project Infrastructure Installed		R, A

Business Blueprint Milestones and Deliverables

Milestones and Deliverables	Accountability	
	Axon	DPC
BB – 01 Empower Workshop Attendees	S	R
BB – 02 Detailed Project Requirements Documented	R	S, A
BB – 03 Business Representation at Validation Workshops Approved	S	R, A
BB – 04 Requirements Validation Materials Completed	R	S, A
BB – 05 Functional Enhancements and Forms Identified	R	S, A
BB – 06 Functional Design Validated	R	S, A
BB – 07 Common Reporting Framework Validated	R	R, A
BB – 08 Detailed Common Interface Specification	R	S, A

Milestones and Deliverables	Accountability	
	Axon	DPC
Documented		
BB - 09 Interface Scope Approved by Process Owners	S	R, A
BB - 10 SAP and Legacy Master Data File Maps Provided	R	R
BB - 11 Initial Data Profiling Complete	R	R
BB - 12 Data Migration Specification and Clean-Up Actions Approved	R	S, A
BB - 13 User Numbers Confirmed	S	R, A
BB - 14 Detailed Hardware Sizing Complete	R	S
BB - 15 Technical Architecture and Hosting Requirements Documented	R	S
BB - 16 Technical Architecture and Security Requirements Approved	S	R, A
BB - 17 Order Production / Test / DR SAP Hardware	S	R, A
BB - 18 Transformation Vision and Roadmap Developed and Approved	R	S, A
BB - 19 Communications Plan Approved	R	R, A
BB - 20 High level Business Change Impact Approved	R	R, A
BB - 21 SAP Security Authorization Model Documented	R	S, A
BB - 22 High level 'To-Be' Roles Documented	R	S, A
BB - 23 Training Strategy Approved	R	S, A

Milestones and Deliverables	Accountability	
	Axon	DPC
BB – 24 Benefits Cards and Benefits Realization Plans Signed Off by Business Owners	S	R, A
BB – 25 1 st Benefits Enablement Audit Completed and Approved	S	R, A
BB – 26 Draft Business Blueprint Report Published	R	S
BB – 27 Business Blueprint Report Issued and Approved	S	R, A

Realization Milestones and Deliverables

Milestones and Deliverables	Accountability	
	Axon	DPC
RE – 01 Functional and Technical Specifications Developed and Approved	R	S, A
RE – 02 Enhancements Complete and Approved	R	S, A
RE – 03 System Configuration Complete	R	S
RE – 04 Output Developed and Tested	R	S, A
RE – 05 Reports Complete	R	S, A
RE – 06 Unit Testing Complete	R, A	S
RE – 07 Propose 'Best Practice' Test Plans	R	S, A
RE – 08 Integration Test Plan Completed and Approved	R	R, A
RE – 09 Interface Testing Completed and Approved	R	R, A
RE – 10		R

Milestones and Deliverables	Accountability	
	Axon	DPC
Access to Legacy System Data Provided		
RE – 11 Data Migration Tools Unit Tested	R, A	R
RE – 12 Integration Test Completed and Approved	R	S, A
RE – 13 Unit Acceptance Test ("UAT") Scenarios Documented	R	R, A
RE – 14 Role Transition Materials Developed	R	S, A
RE-15 Role Transition Materials Reviewed and Approved	S	R, A
RE – 16 Detailed Transition Plans Approved	R	R, A
RE – 17 Manager Cascade Completed	S	R, A
RE – 18 Detailed Training Plans Approved	S	R, A
RE – 19 Training Materials Developed and Approved	R	S, A

Final Preparation Milestones and Deliverables

Milestones and Deliverables	Accountability	
	Axon	DPC
FP – 01 UAT Completed and Approved	S	R, A
FP – 02 Production Systems Commissioned and Approved	R	R, A
FP-03 Production Systems Configured	R, A	S
FP – 04 Local Infrastructure and Standard Desktop	S	R, A

Milestones and Deliverables	Accountability	
	Axon	DPC
Installed and Commissioned		
FP – 05 Legacy Data Migrated and Approved	R	S, A
FP – 06 Stress Test Completed and Approved	R	S, A
FP – 07 Data Archive and Recovery Test Completed	R	S, A
FP – 08 Desktop Test Completed and Approved	S	R, A
FP – 09 2 nd Benefits Enablement Audit Completed and Approved	S	R, A
FP – 10 Benefits Realization Program Approved	S	R, A
FP – 11 Transition Management Arrangements Implemented	R	R, A
FP – 12 Training Facilities Established	S	R, A
FP – 13 Training Team Established and Trained	R	R, A
FP – 14 Scheduled End-User Training Completed and Approved	S	R
FP – 15 Legacy Systems De-commissioning Plans Approved	S	R, A
FP – 16 Go-Live Decision Approved	R	R, A

Go-Live and Support Deliverables

Milestones and Deliverables	Accountability	
	Axon	DPC
PS – 01 Detailed Stabilization Plans Approved	R	R, A

Milestones and Deliverables	Accountability	
	Axon	DPC
PS - 02 System Performance Tuned and Optimized	R	S
PS - 03 Outstanding Issues Transitioned to SAP Support Organization	R	S, A
PS - 04 Project Closure Approved	R	S, A

Axon / DPC Responsibilities and Obligations

This Section describes Axon's and DPC's respective responsibilities and obligations in connection with each identified milestone and Deliverable.

Project Definition Phase Milestones and Deliverables

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
General	<ul style="list-style-type: none"> ⊙ Provide Project and PMO resources ⊙ Maintain: <ul style="list-style-type: none"> ➢ Project Plan ➢ Risk log ➢ Issues log ➢ Project Change log ➢ Decision log ➢ Status reports ⊙ Production and maintenance of project reports <ul style="list-style-type: none"> ➢ Project management updates ➢ Financial and budgetary updates ➢ Project Steering Committee reports and papers ⊙ Provide Project administration resources 	<ul style="list-style-type: none"> ⊙ Review and approve Project reports, including: <ul style="list-style-type: none"> ➢ Project management updates ➢ Risk log ➢ Issues log ➢ Project change log ➢ Decision log ➢ Status reports ➢ Financial and budgetary updates ➢ Project Steering Committee reports and papers ⊙ Provide Project administration resources
PD – 01 Mobilization Team Established	<ul style="list-style-type: none"> ⊙ Axon personnel appointed and made available, including: <ul style="list-style-type: none"> ➢ Axon Service Delivery Executive ➢ Project Manager ➢ Integration Manager ➢ Technical Manager ➢ Change Architect ➢ Quality Manager ➢ Contract Manager 	<ul style="list-style-type: none"> ⊙ Project team members appointed and made available, including: <ul style="list-style-type: none"> ➢ DPC Service Delivery Executive ➢ Project Manager ➢ Integration Manager ➢ Technical Manager ➢ Change Architect ➢ Quality Manager ➢ Contract Manager
PD – 02 Implement Decision Making Model	<ul style="list-style-type: none"> ⊙ Recommend decision making model 	<ul style="list-style-type: none"> ⊙ Review and approve decision making model ⊙ Determine decision making model review process ⊙ Communicate decision making model
PD – 03 Present Project Methodology and Quality Standards for Review	<ul style="list-style-type: none"> ⊙ Provide best practice Project management methodology process templates ⊙ Provide best practice quality plan and methodology 	<ul style="list-style-type: none"> ⊙ Review best practice project management methodology process templates ⊙ Review best practice quality plan and methodology
PD – 04 Project Methodology and Quality Standards Approved	<ul style="list-style-type: none"> ⊙ Update methodology standards, implementation plan and quality plan to incorporate DPC-approved changes 	<ul style="list-style-type: none"> ⊙ Review and approve methodology, standards, implementation plan and quality plan

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
PD – 05 Project Toolset Configured and Available	<ul style="list-style-type: none"> ⊙ Localize and implement Project toolset with DPC-approved Project management processes ⊙ Test Project toolset configuration ⊙ Update Project toolset documentation and training materials 	
PD – 06 Project Office Established	<ul style="list-style-type: none"> ⊙ Induct Axon personnel in processes, roles and responsibilities 	<ul style="list-style-type: none"> ⊙ Induct Project team members in processes, roles and responsibilities
PD – 07 Project Organization / Roles and Responsibilities Implemented	<ul style="list-style-type: none"> ⊙ Propose recommended Project organization structures and associated roles and responsibilities ⊙ Implement approved Project organization structure and associated roles and responsibilities 	<ul style="list-style-type: none"> ⊙ Review and approve Project organization structure and associated roles and responsibilities ⊙ Communicate and implement approved project organization and associated roles and responsibilities
PD – 08 Provide Existing City Process Documentation		<ul style="list-style-type: none"> ⊙ Provide DPC and City relevant documentation consisting of: <ul style="list-style-type: none"> ➢ Organizational vision / mission statement ➢ Processes and procedures ➢ Organizational charts ➢ Critical business controls ➢ Benefits case ➢ Performance measure framework / balanced scorecard metrics ➢ Process performance statistics and volumetrics ➢ Inventory of strategic programs
PD – 09 High Level Scope and Functional Requirements Documented	<ul style="list-style-type: none"> ⊙ Review City's existing process and functional documentation ⊙ Propose high level scope and functional requirements ⊙ Document high level scope and functional requirements in APSE 	
PD – 10 High level Functional Scope Approved		<ul style="list-style-type: none"> ⊙ Review and approve high level scope and functional requirements ⊙ Review and approve high level scope and functional requirements document ⊙ Communicate high level scope and functional requirements to Project team members

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
PD – 11 High level Corporate Reporting Hierarchy Approved	<ul style="list-style-type: none"> ⊙ Propose best practice industry performance management measures and performance measure framework ⊙ Propose end-state reporting principles, strategy and technologies ⊙ Propose high level performance management framework ⊙ Document DPC-approved high level performance management framework 	<ul style="list-style-type: none"> ⊙ Identify key reporting performance measures and information requirements ⊙ Identify DPC and City reporting requirements ⊙ Review and approve performance management framework, and reporting principles, strategy and technologies
PD – 12 Provide City Legacy Systems Architecture		<ul style="list-style-type: none"> ⊙ To the extent they exist, are available and are permitted to be disclosed, provide: <ul style="list-style-type: none"> ➢ legacy system and legacy system interface maps ➢ legacy system and process documentation ➢ defined EAI standards and protocols ➢ access to City data retention strategies and requirements ⊙ Facilitate Axon's validation of system maps ⊙ Review interface and data migration requirements provided by Axon
PD – 13 High Level Interface Scope Approved	<ul style="list-style-type: none"> ⊙ Document full inventory of required interfaces ⊙ Provide appropriate challenge to rationalize and streamline future-state interfaces ⊙ Ensure optimum interface architecture in terms of system integration, development cost and ongoing maintenance 	<ul style="list-style-type: none"> ⊙ Review SAP interfaces provided by Axon ⊙ Identify changes to business processes and operating procedures related to defined interfaces ⊙ Review and approve full inventory of required interfaces
PD – 14 High Level Data Migration Strategy Approved	<ul style="list-style-type: none"> ⊙ Propose best practice data migration and cleansing strategies ⊙ Document full inventory of required legacy data files to be migrated ⊙ Document proposed strategy for each data migration object, including data cleansing requirements ⊙ Update data migration and data cleansing strategy documents 	<ul style="list-style-type: none"> ⊙ Support development of best practice data migration and data cleansing strategies ⊙ Review best practice data migration and data cleansing strategies ⊙ Confirm full inventory of legacy data files to be migrated ⊙ Approve data migration and data cleansing strategies ⊙ Communicate approved data migration and data cleansing

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
	with DPC and City feedback	strategies to DPC and City personnel
PD – 15 Validation Workshop Materials Available	<ul style="list-style-type: none"> ⊙ Design specific Blueprinting workshops ⊙ Provide template requirement validation workshop materials ⊙ Develop specific validation workshop materials 	<ul style="list-style-type: none"> ⊙ Support development of requirements validation workshop materials to confirm relevancy / appropriateness ⊙ Approve developed DPC and City validation workshop materials
PD – 16 Issue Draft Technical Architecture	<ul style="list-style-type: none"> ⊙ Develop technical architecture, hosting and security strategy ⊙ Issue draft technical architecture including: <ul style="list-style-type: none"> ➢ SAP server and associated architecture components ➢ Integration architecture components ➢ Archiving solution components ➢ Data center requirements ➢ Key software components ➢ Network architecture (including security, WAN, VPN, LANs, etc.) ➢ Other communication components ➢ PC specifications ➢ Proposed 'promote-to-production' environment ➢ Procurement plan ➢ Backup and disaster recovery components ➢ Printing requirements ⊙ Issue equipment sizing questionnaire 	<ul style="list-style-type: none"> ⊙ Provide requested equipment sizing data per equipment sizing questionnaires
PD – 17 Technical Architecture Approved	<ul style="list-style-type: none"> ⊙ Propose equipment requirements across all SAP software and related systems ⊙ Review equipment requirements with data center and software partners ⊙ Ensure proposed technical architecture meets or exceeds the specifications 	<ul style="list-style-type: none"> ⊙ Review and approve technical architecture, hosting and security strategy ⊙ Review and approve high level technical architecture including: <ul style="list-style-type: none"> ➢ SAP server and associated architecture components ➢ Integration architecture components ➢ Archiving solution components ➢ Data center requirements ➢ Key software components ➢ Network architecture (including security, WAN,

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
		VPN, LANs, etc.) ➤ Other communication components ➤ PC specifications ➤ Proposed 'promote-to-production' environment ➤ Procurement plan ➤ Backup and disaster recovery components ➤ Printing requirements ◎ Confirm proposed architecture conforms with DPC and City IT and security standards and policies ◎ Facilitate access to necessary DPC infrastructure personnel
PD – 18 Development System Infrastructure Requirements Identified	◎ Confirm development system architecture and components ◎ Develop development system implementation and commissioning plan / dependencies published	◎ Approve development system procurement plan ◎ Execute development system equipment procurement plan
PD – 19 Development System Installed and Commissioned	◎ Install development system SAP software components ◎ Commission development system	◎ Procure development system equipment ◎ Install development system equipment in appropriate data center ◎ Establish network access to development system ◎ Install development system software operating system components ◎ Support commissioning of development system
PD – 20 Issue Best Practice Stakeholder Engagement Strategy	◎ Provide best practice sponsorship and leadership engagement approach, templates and advice ◎ Provide best practice sponsorship and leadership roles and behaviors ◎ Issue draft sponsorship and leadership engagement strategy ◎ Propose sponsorship and leadership events ◎ Support DPC and City in increasing business buy-in to the program and its objectives	
PD – 21		◎ Review and approve best practice sponsorship and leadership

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
Stakeholder Engagement Plan Approved		engagement strategy ⊙ Communicate sponsorship and leadership engagement strategy and event plan
PD – 22 Propose Best Practice Communication Strategy and Materials	<ul style="list-style-type: none"> ⊙ Issue draft best-practice SAP transformation program communication strategy and plan ⊙ Provide best practice communication tools and templates ⊙ Issue audience needs templates ⊙ Analyze existing communications channels and mechanisms ⊙ Propose draft SAP business and behavior change messages 	
PD – 23 Communication Strategy Approved		<ul style="list-style-type: none"> ⊙ Review and approve SAP transformation program, communication strategy and plan ⊙ Identify integration points of communication strategy and plan with other DPC and City strategic initiatives ⊙ Approve key communication messages ⊙ Communicate SAP transformation program, communication strategy and plan
PD – 24 Provide Existing DPC and City Role, Competency and Org Design Documentation		<ul style="list-style-type: none"> ⊙ To the extent they exist, provide access to DPC and City organizational design materials including: <ul style="list-style-type: none"> ➤ Role documentation ➤ Delegations of authority register ➤ Competency framework ➤ Organizational design documentation ➤ User numbers by role, location and functional department
PD – 25 Identify Best Practice Organizational Change Approach	<ul style="list-style-type: none"> ⊙ Identify likely organizational change opportunities ⊙ Issue draft organizational change plan ⊙ Propose typical organizational change barriers ⊙ Issue organizational change templates ⊙ Review template job / role 	

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
	deliverables ⊙ Review template 'to-be' roles	
PD – 26 Organizational Change Strategy Approved		⊙ Review business change objectives, approach, strategy and deliverables ⊙ Approve business change objectives, approach, strategy and deliverables ⊙ Identify high level business change requirements and opportunities ⊙ Identify cross-impacts of competing business change programs ➤ <i>Agree issue resolution mechanism with competing programs</i> ⊙ Agree appropriate level of business involvement in change program ⊙ Confirm key change sponsors and change champions
PD – 27 Propose Best Practice End-user Training Strategy and Design Methodology	⊙ Provide best practice training strategy templates and examples ⊙ Develop and tailor enterprise learning assessment ("ELA") template ⊙ Identify training delivery options and associated benefits ⊙ Propose training needs analysis templates ⊙ Propose SAP training estimation model ⊙ Provide SAP training templates and draft training catalogue	⊙ Review and approve best practice training strategy templates and examples ⊙ Review and approve DPC and City-specific ELA ⊙ Review and approve training delivery options and associated benefits ⊙ Review and approve training needs analysis templates ⊙ Review and approve SAP training estimation model ⊙ Review and approve SAP training templates and draft training catalogue
PD – 28 Enterprise Learning Assessment Published	⊙ Execute ELA ⊙ Analyze ELA responses	⊙ Support execution of ELA ⊙ Support analysis of ELA responses ⊙ Identify DPC and City preferred / successful learning models based on ELA ⊙ Approve Project training roles and responsibilities
PD – 29 Project Team Mobilized and Orientated	⊙ All Axon personnel appointed and available ⊙ Deliver Project methodology training	⊙ All Project team members appointed and available ⊙ Attend delivered Project Team training

Milestones and Deliverables	Axon Responsibilities and Obligations	DPC Responsibilities and Obligations
	<ul style="list-style-type: none"> ⊙ Deliver SAP overview training ⊙ Deliver Project on-boarding / team building activities 	
PD – 30 Project Risk Register Published	<ul style="list-style-type: none"> ⊙ Propose Project risk management framework ⊙ Propose likely Project risks ⊙ Review and update Project risks 	<ul style="list-style-type: none"> ⊙ Review and approve Project risk management framework ⊙ Propose identify likely Project risks ⊙ Review and update Project risks ⊙ Approve initial Project risk register
PD – 31 Project Definition Report Published	<ul style="list-style-type: none"> ⊙ Develop draft Project definition report ⊙ Update Project definition report in line with stakeholder and sponsor feedback 	<ul style="list-style-type: none"> ⊙ Review draft Project definition report ⊙ Approve Project definition report ⊙ Communicate Project definition report to DPC and City personnel
PD – 32 Project Infrastructure Requirements Identified	<ul style="list-style-type: none"> ⊙ Identify Project workspace infrastructure requirements 	<ul style="list-style-type: none"> ⊙ Review and approve Project workspace infrastructure specifications ⊙ Provide DPC-approved Project workspace infrastructure ⊙ Provide security requirements for DPC network and DPC and City Facility access ⊙ Provide network access from DPC/City Facilities to Axon's internal SAP demonstration systems
PD – 33 Project Workspace Infrastructure Installed		<ul style="list-style-type: none"> ⊙ Procure, install, commission and make available DPC-approved Project workspace infrastructure

Business Blueprint Phase Milestones and Deliverables

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
BB – 01 Empower Workshop Attendees		<ul style="list-style-type: none"> ⊙ Familiarize participants with DPC and City: <ul style="list-style-type: none"> ✓ Business processes ✓ Organizational structure issues and requirements ✓ Key business and process issues
BB – 02 Detailed Project Requirements Documented	<ul style="list-style-type: none"> ⊙ Update Project requirements' documentation following DPC and City input from validation sessions, to include: <ul style="list-style-type: none"> ✓ Proposed organizational 	<ul style="list-style-type: none"> ⊙ Support documentation of detailed Project requirements ⊙ Review and approve updated Project requirements

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	<ul style="list-style-type: none"> structure ➤ Proposed master data structure ➤ Proposed Project reporting hierarchy and high level performance measure's ➤ Detailed process documentation ➤ Identified business issues ➤ Identified business policy changes ➤ Potential change management issues ➤ Required solution design papers <ul style="list-style-type: none"> ⊙ Identify potential functional gaps and system enhancements 	
BB – 03 Business Representation at Validation Workshops Approved		<ul style="list-style-type: none"> ⊙ Approve and communicate workshop schedule
BB – 04 Prototype Validation Materials Completed	<ul style="list-style-type: none"> ⊙ Configure and develop SAP-prototype in accordance with City requirements, specifically around: <ul style="list-style-type: none"> ➤ Business Critical Business processes ➤ Key functional requirements ➤ Known SAP gaps ⊙ Unit test developed prototype configuration ⊙ Develop prototype validation workshop materials 	<ul style="list-style-type: none"> ⊙ Define and create City-specific SAP master data and test scenarios to support prototype demonstration ⊙ Review developed prototype configuration ⊙ Support development of prototype validation workshop materials
BB – 05 Functional Enhancements and Forms Identified	<ul style="list-style-type: none"> ⊙ Validate and document high level required SAP enhancements ⊙ Re-confirm development estimates ⊙ Propose likely output document requirements ⊙ Provide example SAP output documents 	<ul style="list-style-type: none"> ⊙ Review and approve identified SAP enhancements ⊙ Provide access to current forms and output documents ⊙ Facilitate standardization and simplification of output documents / forms ⊙ Approve output document requirements
BB – 06 Functional Design Validated	<ul style="list-style-type: none"> ⊙ Update APSE with results of validation workshops, including: <ul style="list-style-type: none"> ➤ All identified processes and process variants documented ➤ Potential business change issues 	<ul style="list-style-type: none"> ⊙ Support documentation of validated design ⊙ Review common functional design ⊙ Support clarification and resolution of identified issues ⊙ Provide workshop feedback to

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	<ul style="list-style-type: none"> ➤ <i>Potential systems issues</i> ➤ <i>Solution design papers</i> ➤ <i>Identified business policy changes</i> ➤ <i>Potential change management issues</i> ➤ <i>Organizational structure design</i> ➤ <i>Master data structure design</i> ⊙ Map validated functional requirements to functional requirements and identify omissions and additions 	<p>business representatives</p> <ul style="list-style-type: none"> ⊙ Support review of validated design by business representatives ⊙ Approve validated functional design ⊙ Approve differences between validated functional requirements and original functional requirements
BB – 07 Common Reporting Framework Validated	<ul style="list-style-type: none"> ⊙ Support identification and specification of reporting requirements ⊙ Facilitate identification of common reporting hierarchy and high level performance measure's ⊙ Develop City-specific performance measure framework ⊙ Develop performance measure dashboard prototypes ⊙ Document common reporting framework 	<ul style="list-style-type: none"> ⊙ Identify and specify reporting requirements <ul style="list-style-type: none"> ➤ <i>Provide current state reporting examples</i> ➤ <i>Approve key data requirements of identified reports</i> ⊙ Propose required performance measures aligned to target strategic results <ul style="list-style-type: none"> ➤ <i>Identify redundant or mis-aligned performance measures</i>
BB – 08 Detailed Common Interface Specification Documented	<ul style="list-style-type: none"> ⊙ Develop and document functional specification for all identified interfaces ⊙ Document potential integration issues ⊙ Identify third party resource requirements for interface development 	<ul style="list-style-type: none"> ⊙ Review legacy system interface documentation ⊙ Provide example interface files ⊙ Approve business processing and controls around interfaces ⊙ Approve technical functionality of identified interfaces.
BB – 09 Interface Scope Approved	<ul style="list-style-type: none"> ⊙ Ensure feedback is incorporated into interface specifications 	<ul style="list-style-type: none"> ⊙ Review and approve high level interface specifications
BB – 10 SAP and Legacy Master Data File Maps Provided	<ul style="list-style-type: none"> ⊙ Provide SAP data file maps ⊙ Define legacy systems mapping requirements ⊙ Issue SAP Legacy Data Workbench Upload Utilities and procedures 	<ul style="list-style-type: none"> ⊙ Facilitate access to legacy data file specifications, structures and volumetrics ⊙ Confirm key attributes for in scope master data entities
BB – 11 Initial Data Profiling Complete	<ul style="list-style-type: none"> ⊙ Install data quality profiling software ⊙ Conduct first pass data profiling on provided legacy data extracts ⊙ Identify data integrity issues and 	<ul style="list-style-type: none"> ⊙ Procure data quality profiling software ⊙ Provide legacy data extracts ⊙ Review data profiling outputs ⊙ Identify and document data

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	inconsistencies ◎ Recommend data cleansing actions to address identified data integrity issues and inconsistencies	cleansing rules ◎ Review and approve required data cleansing actions and associated data cleansing rules
BB – 12 Data Migration Specification and Clean-Up Actions Approved	◎ Develop: <ul style="list-style-type: none"> ➤ Detailed data migration specification ➤ Data selection criteria ➤ Data cleansing plan ➤ Data migration strategy ➤ Data cutover plan ➤ Confirm resource requirements ◎ Develop detailed data cleansing plan and resource requirements ◎ Advise on best practice SAP data migration strategies ◎ Ensure DPC and City feedback is incorporated in specifications ◎ Confirm data staging equipment requirements	◎ Review and approve: <ul style="list-style-type: none"> ➤ Detailed data migration specification ➤ Data selection criteria ➤ Data cleansing plan ➤ Data migration strategy ➤ Data cutover plan ➤ Resource requirements
BB – 13 End-User Numbers Confirmed	◎ Provide and issue detailed end-user number questionnaires ◎ Identify inconsistencies in end-user number responses ◎ Collate end-user numbers based on end-user number questionnaire responses	◎ Provide and validate responses to detailed end-user questionnaires ◎ Provide then-current organization charts including: <ul style="list-style-type: none"> ➤ Organizational structure ➤ Organizational assignment ➤ Contact details (email + phone) ➤ Legacy system user ID's and security profiles ◎ Resolve identified inconsistencies in end-user number responses ◎ Confirm detailed end-user number and associated license requirements
BB – 14 Detailed Hardware Sizing Complete	◎ Identify detailed parameters required to conduct detailed equipment sizing ◎ Conduct sizing exercise ◎ Confirm sizing findings with proposed equipment vendors	◎ Provide necessary data to conduct detailed equipment sizing ◎ Support sizing exercise
BB – 15 Technical Architecture and Hosting Requirements Documented	◎ Document full detailed technical architecture, including: <ul style="list-style-type: none"> ➤ Complete inventory of equipment components finalized based on sizing 	

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	<p><i>exercise</i></p> <ul style="list-style-type: none"> - Complete inventory of integration architecture components finalized - Complete inventory of software components finalized - Print requirements finalized - Internal network requirements (including sizing) - External partner network requirements (circuits and security) - Archive / backup / restore requirements (technical and legal) - Desktop / LAN activities confirmed - 'Promote to production' process approved - Disaster recovery strategy and requirements approved <ul style="list-style-type: none"> ⊙ Complete data center requirements documented ⊙ Develop technical environment procurement and installation plan 	
<p>BB - 16 Technical Architecture and Security Requirements Approved</p>		<ul style="list-style-type: none"> ⊙ To the extent they exist, are available and are permitted to be disclosed, provide security policies and documentation ⊙ Review and approve detailed technical architecture documented, including: <ul style="list-style-type: none"> - Complete inventory of equipment components based on sizing exercise - Complete inventory of integration architecture components - Complete inventory of software components - Final print requirements - Internal network requirements (including sizing) - External partner network requirements (circuits and security) - Archive / backup / restore

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
		<i>requirements (technical and legal)</i> <ul style="list-style-type: none"> ➤ Desktop / LAN activities ➤ 'Promote to production' process ➤ Disaster recovery strategy and requirements <ul style="list-style-type: none"> ⊙ Review and approve technical environment procurement and installation plan
BB – 17 Order Production / Test / DR SAP Hardware		<ul style="list-style-type: none"> ⊙ Technical environment system equipment procured ⊙ Technical environment system equipment installed in appropriate DPC data centers ⊙ Network access to technical environment established ⊙ Technical environment system software operating system components installed ⊙ Support commissioning of technical environment system
BB – 18 Transformation Vision and Roadmap Developed and Approved	<ul style="list-style-type: none"> ⊙ Conduct executive engagement and alignment interviews ⊙ Conduct executive alignment workshop(s) ⊙ Document transformation roadmap and vision 	<ul style="list-style-type: none"> ⊙ Provide City vision, mission statement and objectives documentation ⊙ Make Project Steering Committee and direct reports available to participate in executive alignment workshop(s)
BB – 19 Communications Plan Approved	<ul style="list-style-type: none"> ⊙ Provide best practice communication plan templates ⊙ Conduct audience group assessment ⊙ Identify communication requirements and messages by audience group ⊙ Confirm resource requirements to deliver communications plan ⊙ Develop and publish draft communications plan ⊙ Incorporate DPC and City feedback into communications plan 	<ul style="list-style-type: none"> ⊙ Review and approve communications plan
BB – 20 High level Change Impact Approved	<ul style="list-style-type: none"> ⊙ Support identification of business change impacts ⊙ Identify likely business change impacts ⊙ Review identified business 	<ul style="list-style-type: none"> ⊙ Identify and document business change impacts ⊙ Review and approve key business change decisions register ⊙ Assign business ownership to

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	change impacts ⊙ Support high level change impact assessment	identified business changes ⊙ Review and approve high level change impact assessment
BB – 21 SAP Security Authorization Model Documented	⊙ Provide best practice SAP role-based security authorization model ⊙ Develop DPC and City-specific SAP role-based security authorization model ⊙ Document proposed SAP roles ⊙ Document SAP role-based security authorization model, including: ➤ Key control points ➤ Segregation of duties ➤ Outline list of roles and people ➤ Initial list of suggested roles to be created within SAP Software ➤ Initial list of roles, profiles and authorizations ➤ Identification of control risks associated with assigning multiple authorization profiles to a single user	⊙ Review and approve SAP role-based security authorization model, including: ➤ Key control points ➤ Segregation of duties ➤ Outline list of roles and people ➤ Initial list of suggested roles to be created within SAP software ➤ Initial list of roles, profiles and authorizations ➤ Identification of control risks associated with assigning multiple authorization profiles to a single user
BB – 22 High level 'To-Be' Roles Documented	⊙ Provide example best practice role documentation and transition management standards and templates ⊙ Support business change education sessions ⊙ Propose best practice 'to-be' competency framework ⊙ Support high level process role mapping ⊙ Propose best practice high level 'segregation of duties' and 'span of control requirements'	⊙ Participate in business change education sessions ⊙ Review and approve best practice 'to-be' competency framework ⊙ Review high level process role mapping ⊙ Approve high level 'segregation of duties' (delegation of authority/span of control) ⊙ Document business change issues ⊙ Document high level departmental transition plans / requirements ⊙ Document high level catalogue of 'to-be' roles ➤ Mapped to documented processes and transactions ➤ Identify high level skills requirements
BB – 23 Training Strategy Approved	⊙ Design and conduct training needs analysis ("TNA") ⊙ Provide best practice training strategy and training plan	⊙ Provide input into Axon's TNA ⊙ Review and approve course catalog ⊙ Review and approve detailed

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	templates and approach ☉ Propose training course catalog ☉ Document detailed training development plan ☉ Document high level training delivery plan	training development and delivery plans ☉ Communicate DPC-approved training plans
BB – 24 Benefits Cards and Benefits Realization Plans Signed Off by Business Owners	☉ Support the completion of the Benefits Cards and Realization plans ☉ Support the business owner sign off process	☉ Enable the business owners to sign off on the Benefits Cards and Realization plans
BB – 25 1 st Benefits Enablement Audit Completed and Approved	☉ Support the Benefits Enablement audit	☉ Complete and approve the Benefits Enablement audit
BB – 26 Draft Business Blueprint Report Published	☉ Develop draft Business Blueprint report ☉ Issue draft Business Blueprint report for DPC and City review	☉ Support development of draft Business Blueprint report
BB – 27 Business Blueprint Report Issued and Approved	☉ Incorporate DPC feedback into draft Business Blueprint report	☉ Review draft Business Blueprint report ☉ Provide feedback on draft Business Blueprint report ☉ Approve Business Blueprint report ☉ Distribute DPC-approved Business Blueprint report to appropriate DPC and City personnel

Realization Phase Milestones and Deliverables

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
RE – 01 Functional and Technical Specifications Developed and Approved	☉ Develop functional specifications for all identified enhancements ☉ Develop technical specifications for all identified enhancements	☉ Support development of functional and technical specifications
RE – 02 Enhancements Complete and Approved	☉ Develop identified enhancements ☉ Update technical design documentation ☉ Ensure developed enhancements conform to applicable specifications	☉ Review and approve developed enhancements
RE – 03	☉ Configure SAP master	☉ Facilitate resolution of identified

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
System Configuration Complete	<ul style="list-style-type: none"> development client in line applicable specifications ⊙ Update design documentation ⊙ Update issues and change impact registers ⊙ Ensure configuration conforms to applicable specifications 	<ul style="list-style-type: none"> design issues ⊙ Identify likely business impacts arising from deployment of the solution ⊙ Provide input to updated design documentation ⊙ Develop business specific master data to perform unit tests
RE – 04 Output Developed and Tested	<ul style="list-style-type: none"> ⊙ Develop required system output ⊙ Unit test developed system output ⊙ Ensure configuration conforms to applicable specifications 	<ul style="list-style-type: none"> ⊙ Facilitate development of identified third party output requirements ⊙ Support and approve unit testing of developed system output ⊙ Review developed system output
RE – 05 Reports Complete	<ul style="list-style-type: none"> ⊙ Configure identified BI cubes ⊙ Develop identified reporting requirements ⊙ Update design documentation ⊙ Ensure development conforms to applicable specifications ⊙ Ensure reports developed, designed, and tested meet applicable specifications ⊙ Ensure reporting technology integration 	<ul style="list-style-type: none"> ⊙ Review and approve developed reports ⊙ Review and approve reporting technology integration
RE – 06 Unit Testing Complete	<ul style="list-style-type: none"> ⊙ Unit test developed configuration, reports, enhancements and system output in accordance with approved functional specification ⊙ Document unit test cases and test data within design repository ⊙ Identify and document unit test issues and deficiencies ⊙ Resolve unit test issues and deficiencies 	<ul style="list-style-type: none"> ⊙ Support unit testing of configuration, reports, enhancements and system output ⊙ Identify and document unit test issues and deficiencies ⊙ Support resolution of unit test issues and deficiencies
RE – 07 Propose 'Best Practice' Test Plans	<ul style="list-style-type: none"> ⊙ Provide best practice integration test plans, test scripts and example deliverables, including: <ul style="list-style-type: none"> / Test plans / Test scripts / Test sequences / Test methodologies / Test organization / Critical tests ⊙ Confirm requirements for test management tools ⊙ Prepare City specific draft integration test plan and test 	<ul style="list-style-type: none"> ⊙ Support development of City specific integration test plan

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	scripts ☉ Revise integration test plan and test scripts to incorporate DPC and City comments	
RE – 08 Integration Test Plan Completed and Approved	☉ Prepare integration test scripts ☉ Propose draft integration test plan, test cycles, and test scripts ☉ Propose resource requirements for UAT	☉ Support preparation of integration test scripts ☉ Review and approve integration test plan, test cycles and test scripts : ☉ Confirm participation in appropriate UAT ☉ Approve resource requirements for UAT
RE – 09 Interface Testing Completed and Approved	☉ Legacy system interfaces developed ☉ Design documentation updated ☉ Ensure development conforms to applicable specifications ☉ Propose system interface test plans and test scripts ☉ Process outbound SAP interface files ☉ Perform unit and string testing of system interfaces ☉ Resolve interface issues and deficiencies	☉ Establish appropriate interface integration test environments for retained legacy systems ☉ Review and approve system interface test plans and scripts ☉ Facilitate the provision of legacy system data files ☉ Identify and document interface issues and deficiencies ☉ Support resolution of interface issues and deficiencies ☉ Review and approve interface tests
RE – 10 Access to Legacy System Data Provided		☉ Facilitate access to required legacy systems within interface or data migration scope ☉ Provide necessary legacy system data extracts
RE – 11 Data Migration Tools Unit Tested	☉ Monitor development of legacy system extract utilities ☉ Support unit test of legacy system extract utilities ☉ Configure and unit test LSMW data uploads ☉ Identify and resolve legacy system extract utilities, LSMW issues and deficiencies ☉ Implement data cleansing actions ☉ Unit test data migration tools	☉ Develop legacy system extract utilities ☉ Unit test legacy system extract utilities ☉ Implement manual and approved legacy system programmatic data cleansing actions ☉ Support resolution of identified legacy system extract, LSMW issues and deficiencies ☉ Update legacy system data extract utilities in line with identified improvements / issues and deficiencies
RE – 12 Integration Test Completed and	☉ Execute integration testing ☉ Identify and resolve integration issues and deficiencies	☉ Support integration testing ☉ Support resolution of integration issues and deficiencies

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
Approved	<ul style="list-style-type: none"> ⊙ Update design documentation ⊙ Provide integration test results 	<ul style="list-style-type: none"> ⊙ Review and approve integration test results
RE – 13 UAT Scenarios Documented	<ul style="list-style-type: none"> ⊙ Propose UAT scripts ⊙ Support preparation of additional UAT test scripts ⊙ Support documentation of UAT scripts ⊙ Support preparation of UAT test plan and test cycles 	<ul style="list-style-type: none"> ⊙ Propose and prepare additional UAT scripts, if necessary ⊙ Update UAT script documentation ⊙ Prepare UAT test plan and test cycles ⊙ Review and approve UAT test cycles and test plans
RE – 14 Role Transition Materials Developed	<ul style="list-style-type: none"> ⊙ Provide role transition material templates including: <ul style="list-style-type: none"> ✓ Role leaflets ✓ Role handbooks ✓ Stop-Start-Continue guides ⊙ Develop role transition materials 	<ul style="list-style-type: none"> ⊙ Support development of role transition materials ⊙ Review and approve developed role transition materials
RE – 15 Role Transition Materials and Approved	<ul style="list-style-type: none"> ⊙ Update role transition materials 	<ul style="list-style-type: none"> ⊙ Review and approve developed updated role transition materials
RE – 16 Detailed Transition Plans Approved	<ul style="list-style-type: none"> ⊙ Recommend best practice transition support activities ⊙ Support identification of required departmental level transition support activities ⊙ Support development of departmental level transition plans ⊙ Prepare business transition support plans 	<ul style="list-style-type: none"> ⊙ Identify required departmental level (business unit) transition support activities ⊙ Review departmental level (business unit) transition support plans ⊙ Approve business transition support plans
RE – 17 Manager Cascade Completed	<ul style="list-style-type: none"> ⊙ Support identification of business change impacts ⊙ Challenge identified change impacts ⊙ Conduct job – role mapping with operational managers ⊙ Develop manager cascade materials ⊙ Support manager cascade process 	<ul style="list-style-type: none"> ⊙ Confirm business change impacts ⊙ Support development of, and approve job – role maps ⊙ Identify end-user job impacts ⊙ Business managers communicate changes and impacts to team members (manager cascade)
RE – 18 Detailed Training Plans Approved	<ul style="list-style-type: none"> ⊙ Propose best practice training plans ⊙ Develop detailed DPC training plans and training schedule 	<ul style="list-style-type: none"> ⊙ Review detailed training plans and training schedule including: <ul style="list-style-type: none"> ✓ Training administrators ✓ Training course delegates ⊙ Approve detailed training plans and training schedule ⊙ Approve training plans ⊙ Issue training course invitations

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
		<ul style="list-style-type: none"> ⊙ Confirm users on training courses
RE – 19 Training Materials Developed and Approved	<ul style="list-style-type: none"> ⊙ Develop training materials for all courses within approved DPC catalogue ⊙ Update developed training materials ⊙ Training environment established and training data-set created ⊙ Evaluate training pilot 	<ul style="list-style-type: none"> ⊙ Participate in training pilot ⊙ Review and approve training materials

Final Preparation Phase Milestones and Deliverables

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
FP – 01 UAT Completed and Approved	<ul style="list-style-type: none"> ⊙ Support UAT execution ⊙ Identify and resolve UAT issues and deficiencies ⊙ Update design documentation 	<ul style="list-style-type: none"> ⊙ Execute user acceptance testing ⊙ Update UAT documentation in line with test results ⊙ Identify UAT issues and Deficiencies ⊙ Support resolution of UAT issues and Deficiencies ⊙ Re-test UAT issues and Deficiencies ⊙ Resolve non-SAP legacy system problems ⊙ Review and approve UAT results
FP – 02 Production Systems Commissioned and Approved	<ul style="list-style-type: none"> ⊙ Perform equipment acceptance tests ⊙ Load production software ⊙ Perform software acceptance tests ⊙ Support system commissioning 	<ul style="list-style-type: none"> ⊙ Procure DPC-approved production system equipment ⊙ Install DPC-approved production system equipment in appropriate DPC data centers ⊙ Establish network access to production system equipment ⊙ Implement required improvements to network infrastructure ⊙ Install DPC-approved production system operating system components ⊙ Support commissioning of production system
FP-03 Production Systems Configured	<ul style="list-style-type: none"> ⊙ Migrate production configuration to production servers ⊙ Make red-book (manual) configuration entries ⊙ Confirm system configuration 	

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
	integrity	
FP – 04 Local Infrastructure and Standard Desktop Installed and Commissioned	<ul style="list-style-type: none"> ⊙ Support development of standard desktop profile 	<ul style="list-style-type: none"> ⊙ Procure, install and test additional DPC-approved local equipment ⊙ Develop and deploy standard desktop profile ⊙ Review and approve local equipment installation
FP - 05 Legacy Data Migrated and Approved	<ul style="list-style-type: none"> ⊙ Develop cutover plan ⊙ Propose data migration test plans ⊙ Execute data migration tests ⊙ Identify and resolve data migration test issues and deficiencies ⊙ Co-ordinate data cleansing actions ⊙ Provide reconciliation reports ⊙ Support reconciliation of migrated data ⊙ Perform production data load 	<ul style="list-style-type: none"> ⊙ Support development of cutover plan ⊙ Review and approve cutover plan ⊙ Provide final legacy data extracts ⊙ Support resolution of data migration test issues and deficiencies ⊙ Review and approve data cleansing actions ⊙ Review and approve data migration test results ⊙ Review and approve production data loads and migration reconciliation reports
FP – 06 Stress Test Completed and Approved	<ul style="list-style-type: none"> ⊙ Provide best practice stress test model ⊙ Prepare stress test strategy approach document ⊙ Co-ordinate stress test execution planned ⊙ Monitor system performance during stress test ⊙ Execute stress test ⊙ Identify and resolve stress test issues and deficiencies 	<ul style="list-style-type: none"> ⊙ Review and approve stress test strategy and approach ⊙ Support stress test execution ⊙ Support resolution of stress test issues and deficiencies ⊙ Resolve network infrastructure issues and deficiencies ⊙ Review and approve stress test results
FP – 07 Data Archive and Recovery Test Completed and Approved	<ul style="list-style-type: none"> ⊙ Plan data archive and recovery test ⊙ Execute data archive and recovery test ⊙ Identify and resolve data archive and recovery test issues and Deficiencies 	<ul style="list-style-type: none"> ⊙ Review and approve data archive and recovery test strategy and approach ⊙ Support data archive and recovery test execution ⊙ Support resolution of issues and Deficiencies ⊙ Review and approve data archive and recovery test results
FP – 08 Desktop Test Completed and Approved	<ul style="list-style-type: none"> ⊙ Plan desktop and local infrastructure test ⊙ Support execution of desktop and local infrastructure test ⊙ Support resolution of desktop and local infrastructure problems 	<ul style="list-style-type: none"> ⊙ Support planning of desktop and local infrastructure test ⊙ Execute desktop and local infrastructure test ⊙ Identify and resolve desktop and local infrastructure problems

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
FP – 09 2 nd Benefits Enablement Audit Completed and Approved	<ul style="list-style-type: none"> ⊙ Support the Benefits Enablement audit 	<ul style="list-style-type: none"> ⊙ Complete and approve the Benefits Enablement audit
FP – 10 Benefits Realization Program Approved	<ul style="list-style-type: none"> ⊙ Complete and submit the Benefits Realization Program 	<ul style="list-style-type: none"> ⊙ Approve the Benefits Realization Program
FP – 11 Transition Management Arrangements Implemented	<ul style="list-style-type: none"> ⊙ Support implementation of transition management plan ⊙ Support implementation of SAP Café and self study facilities ⊙ Mobilize Axon floor walkers ⊙ Provide templated count-down materials ⊙ Develop Go Live specific count-down materials 	<ul style="list-style-type: none"> ⊙ Execute transition management plan ⊙ Implement SAP Café and self study facilities ⊙ Mobilize key users to perform floor walker tasks ⊙ Review and approve count-down materials ⊙ Communicate DPC-approved count-down materials to DPC and City personnel
FP – 12 Training Facilities Established		<ul style="list-style-type: none"> ⊙ Provide access to DPC or City training facilities ⊙ Establish end-user training facilities including required training infrastructure
FP – 13 Training Team Established and Trained	<ul style="list-style-type: none"> ⊙ Training team orientation materials developed ⊙ Train-the-trainer sessions delivered ⊙ Train end-user trainers 	<ul style="list-style-type: none"> ⊙ Identify and release designated trainers and key end-users ⊙ Cause designated trainer to attend train-the-trainer sessions
FP – 14 Scheduled End-User Training Completed and Approved	<ul style="list-style-type: none"> ⊙ Support end-user training delivery ⊙ Assess and analyze end-user training effectiveness ⊙ Release approved end-user SAP log-ons 	<ul style="list-style-type: none"> ⊙ Cause City end-users and DPC personnel to attend schedule training ⊙ Deliver end-user training to DPC City personnel ⊙ Identify improvements to end-user training materials ⊙ Review and approve end-user training assessment results
FP – 15 Legacy Systems Decommissioning Plans Approved	<ul style="list-style-type: none"> ⊙ Confirm legacy system availability for decommissioning for relevant data migration objects 	<ul style="list-style-type: none"> ⊙ Identify legacy system decommissioning dependencies ⊙ Create and approve legacy system decommissioning plans
FP – 16 Go-Live Decision Approved	<ul style="list-style-type: none"> ⊙ Produce system and business readiness status reports ⊙ Communicate Go-Live recommendation to DPC and City 	<ul style="list-style-type: none"> ⊙ Review Go-Live status ⊙ Review system and business readiness status reports ⊙ Distribute system and business readiness status reports

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
		<ul style="list-style-type: none"> ⊙ Approve Go-Live recommendation ⊙ Communicate Go-Live decision to City personnel
	⊙	⊙

Go-Live and Support Phase Milestones and Deliverables

Milestones and Deliverables	Axon Responsibilities and Obligation	DPC Responsibilities and Obligation
PS - 01 Detailed Stabilization Plans Approved	<ul style="list-style-type: none"> ⊙ Identify capability stabilization activities based on: <ul style="list-style-type: none"> ➢ Logged user issues and problems ➢ Output from user forums ➢ Identified issues and problems from floor-walker and key user feedback ➢ Analysis of productive system performance highlighting excessive user error rates / manual intervention ⊙ Develop capability stabilization plans 	<ul style="list-style-type: none"> ⊙ Identify capability stabilization activities based on: <ul style="list-style-type: none"> ➢ Logged user issues and problems ➢ Output from user forums ➢ Identified issues and problems from floor-walker and key user feedback ➢ Analysis of productive system performance highlighting excessive user error rates / manual intervention ⊙ Review and approve capability stabilization plans
PS - 02 System Performance Tuned and Optimized	<ul style="list-style-type: none"> ⊙ Floorwalkers provide pro-active support to end-user community ⊙ Axon personnel support resolution of identified issues and deficiencies ⊙ Analyze system and infrastructure performance and identify system performance improvements ⊙ Tune SAP system parameters to optimize technical performance 	<ul style="list-style-type: none"> ⊙ Floorwalkers provide pro-active support to end-user community ⊙ Support resolution of identified issues and deficiencies ⊙ Analyze system and infrastructure performance and identify performance improvements ⊙ Tune non-SAP system and infrastructure parameters to optimize technical performance
PS - 03 Outstanding Issues Transitioned to SAP Support Organization	<ul style="list-style-type: none"> ⊙ Document all outstanding issues ⊙ Resolve identified production support issues ⊙ Deliver technical stabilization reports ⊙ Confirm technical stabilization achieved ⊙ Transfer knowledge of issues to SAP support organization personnel 	<ul style="list-style-type: none"> ⊙ Review outstanding support issues and technical stabilization reports ⊙ Confirm disposition of outstanding support issues, if any
PS - 04	⊙ Identify key lessons learned	⊙ Provide input to project closure

<i>Milestones and Deliverables</i>	<i>Axon Responsibilities and Obligation</i>	<i>DPC Responsibilities and Obligation</i>
Project Closure	<ul style="list-style-type: none"> ⊙ Analyze technical stabilization outcomes ⊙ Develop Project closure report ⊙ Project team withdrawal 	<ul style="list-style-type: none"> report ⊙ Review completion of post implementation support report ⊙ Approve Project closure report ⊙ Approve completion of post implementation support

Central to the delivery of the Program is a mutually agreed, robust ERP methodology which supports the requirements of both global business design and a multi-phase heavily parallel implementation of additional business units onto an existing productive system. The following section outlines some of the key features of such a methodology.

General Services

The following milestone independent implementation Services will be provided by Axon during the implementation

- ⊙ Project Management
- ⊙ Blueprint or design workshops
- ⊙ Design documentation
- ⊙ Prototype creation
- ⊙ Development, test and production system creation and readiness
- ⊙ System configuration
- ⊙ Testing (unit, integration, user acceptance etc)
- ⊙ Development (FRICE-W elements)
- ⊙ Support development of interfaces to legacy systems
- ⊙ Conversion development, legacy data migration, execution and reconciliation
- ⊙ Transport management of releases through instance landscape
- ⊙ Change Management leadership, training, skills transfer / mentoring of internal staff
- ⊙ End user documentation
- ⊙ End user training execution
- ⊙ Performance testing
- ⊙ User roles and authorizations
- ⊙ Basis support and system administration
- ⊙ Post Go-Live Support

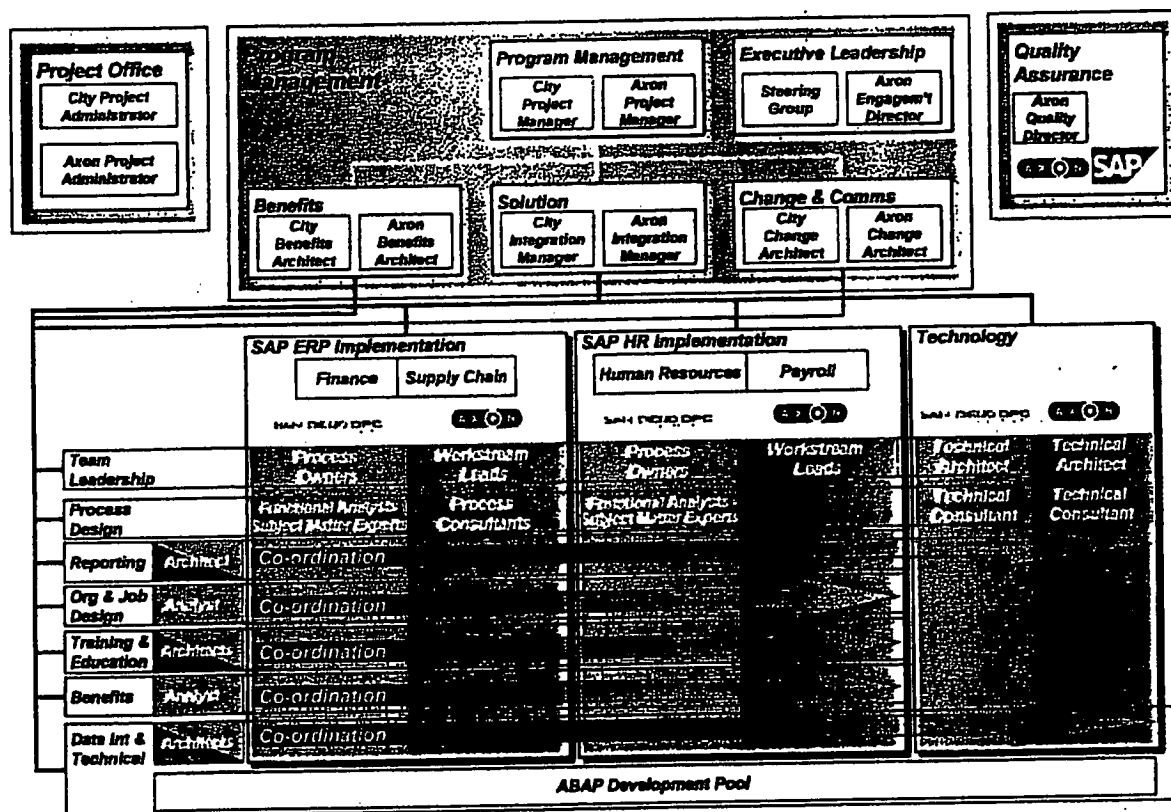
Axon shall ensure that all documentation, plans, reports or other materials that they are required to produce under this Agreement are clearly drafted accurate and complete and kept up to date.

4 Program Organization

Team Structure

The diagram below represents the core team structure. Change enablers, trainers and subject matter experts will be called upon at different times of the Project to participate in and deliver specific activities. The core team will be comprised of the following work-streams:

- ⊙ Project Management
- ⊙ Business Processes (split into two teams as follows: Financials and Materials)
- ⊙ Change Management and Training
- ⊙ Technical Infrastructure, FRICE-W, Basis and Security.



Time Requirements

Successful delivery of the Program requires an absolute commitment to make available the core team for the duration of the Project.

Time requirements for non-team members

The design, testing and training phases of the Project will require periodic time commitments from other individuals from the business, not identified as part of the core team. We expect these to be half day to one day commitments and may include:

- ⊙ Design input from subject matter experts on specific detailed requirements that cannot be articulated by the core team
- ⊙ Communications and awareness events
- ⊙ End-user training.

Axon Resources

This table represents the anticipated consultant resources required to deliver the Project:

Role	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Program Management												
Commercial Director		0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Engagement Director		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Project Manager		0.1	0.1	1	1	1	1	1	1	1	1	1
Project Administrator			0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Integration Manager		1	1	1	1	1	1	1	1	1	1	1
Training Administrator		0.5	1	1	1	1	1	1	1	1	1	1
Trainer					0.72	1	1	1	1	1	1	1
Trainer				1	1							
Change Architect		0.5	1	1	1	1	1	1	1	1	1	1
Role Analyst						1	1	2	2	2	2	2
Benefits Architect		1	1	1	1							
Finance Workstream (GL, AP, AR / Billing, FA, GIM, GRC, Budget Control, Debt Mgmt, Treasury Operations, Collections & Investments)												
Finance Lead (GL, CO)		0.5	1	1	1	1	1	1	1	1	1	1
FICO Consultant								1	1	1	1	1
Finance Principal (Budget Control)			1	1	1	1	1	1	1	1	1	1
Finance Principal (Assets, Project Acctg)			1	1	1	1	1	1	1	1	1	1
Finance Principal (AP & AR-Billing)			1	1	1	1	1	1	1	1	1	1
Finance Principal (SD & Project Acctg)					0.5	1	1				1	1
GRC Lead					1	1						
Grant & Fund Accounting Lead			1	1	1	1	1	1	1	1	1	1

Tracking/Grievance									
Employee Development (Perf Mgmt, Training)	1	1	1	1	1	0.5			
ESS/MSS Lead	1	1	1	1	1	1			
ESS/MSS Consultant	1	1	1	1	1	1			
Benefits Payroll Support	1	1	1	1	1				
Payroll Consultant	1	1	1	1	1	1	1	1	1
Technical									
Technical Lead	1	1	1	1	1	1	1	1	
Basis Consultant	1	1	1	1	1	1	1	1	
Basis Consultant (Security)	1								
Portals Consultant	1	1	1	1	1				
BI Reporting Lead	1	1	1	1	1	1			
BI Consultant	1	1	1	1	1	1	1	1	
Data Migration Consultant	1	1	1	1	1				
Data Migration Consultant	2	2	2	2	2				
Duet Developer									
Data Interface Architect	1	1	1	1	1	1			
FRICE-W Manager	1	1	1	1	1	1			
FRICE-W Developer	4	2	2	2	2	4			

Shaded areas represent optional phase 3 resourcing.

DPC and City Resources

This table represents DPC and City core team resources required to complete the Project:

Role	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Program Management												
Executive Sponsor	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Project Manager	1	1	1	1	1	1	1	1	1	1	1	1
Project Administrator	1	1	1	1	1	1	1	1	1	1	1	1
Integration Manager	1	1	1	1	1	1	1	1	1	1	1	1
Training Administrator		1	1	1	1	1	1	1	1	1	1	1
Change & Benefits Architect		1	1	1	1	1	1	1	1	1	1	1
Finance Workstream (GL, AP, AR / Billing, FA, GM, GRC, Budget Control, Debt Mgmt, Treasury Operations, Collections & Investments)												
Financials Business Process Owner	1	1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (General Ledger)		2	2	2	2	2	2	2	2	2	2	2
Financial Analyst (AP)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (Grants/Funds)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (AR)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (Fixed Assets)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (Treasury)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (Budget Control)		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Financial Analyst (Project Systems)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (CIC)				1	1	1	1	1	1	1	1	1
Financial Analyst (Collections)		1	1	1	1	1	1	1	1	1	1	1
Financial Analyst (Position Control/Audit)		1	1	1	1	1	1	1	1	1	1	1
Logistics Workstream (Procurement / Contracts, Inventory, Project Accounting)												

[illegible]

Role	Month						
	13	14	15	16	17		
Program Management							
Executive Sponsor	0.2	0.2	0.2	0.2	0.2	0.2	
Project Manager	1	1	1	1	1	1	
Project Administrator	1	1	1	1	1	1	
Integration Manager	1	1	1	1	1	1	
Training Administrator	1	1	1	1	1	1	
Change & Benefits Architect	1	1	1	1	1	1	
Finance Workstream (GL, AP, AR / Billing, FA, GM, GRC, Budget Control, Debt Mgmt, Treasury Operations, Collections & Investments)							
Financials Business Process Owner	1	1	1	1	1	1	
Financial Analyst (General Ledger)	2	2	2	2	2	2	
Financial Analyst (AP)	1	1	1	1	1	1	
Financial Analyst (Grants/Funds)	1	1	1	1	1	1	
Financial Analyst (AR)	1	1	1	1	1	1	
Financial Analyst (Fixed Assets)	1	1	1	1	1	1	
Financial Analyst (Treasury)	1	1	1	1	1	1	
Financial Analyst (Budget Control)	1.5	1.5	1.5	1.5	1.5	1.5	
Financial Analyst (Project Systems)	1	1	1	1	1	1	
Financial Analyst (CIC)	1	1	1	1	1	1	
Financial Analyst (Collections)	1	1	1	1	1	1	
Financial Analyst (Position Control/Audit)	1	1	1	1	1	1	
Logistics Workstream (Procurement / Contracts, Inventory, Project Accounting)							
Supply Chain Business Process Owner	1	1	1	1	1	1	

Procurement Analyst	1	1	1	1	1	1	1
Inventory Analyst	1	1	1	1	1	1	1
Human Resources / Payroll Workstream (Payroll, Time Collection, Personnel, Compensation, Position Control, Benefits, ESS, MSS, Emp Dev - Perf Mgmt, Emp Dev - Training, Recruitment & App Tracking, eRecruitment, Adobe Forms)							
Human Resources Business Process Owner	1	1	1	1	1	1	1
HR Analyst - General HR	1	1	1	1	1	1	1
HR Analyst - Performance	1	1	1	1	1	1	1
HR Analyst - Recruitment	1	1	1	1	1	1	1
HR Analyst - Compensation	1	1	1	1	1	1	1
HR Analyst - Time Collection	1	1	1	1	1	1	1
Benefits Analyst	2	2	2	2	2	2	2
Risk Management	1	1	1	1	1	1	1
Employee Self Service	1	1	1	1	1	1	1
Payroll Analyst	2	2	2	2	2	2	2
Technical							
Technical Architect	1	1	1	1	1	1	1
Basic Administration	2	2	2	2	2	2	2
Business Warehouse / Reporting Lead	1	1	1	1	1	1	1
Data Migration Lead	1	1	1	1	1	1	1
Legacy System Extractors	2	2	2	2	2	2	2
Interface Developers	2	2	2	2	2	2	2
ABAP Developers	2	2	2	2	2	2	2

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Project Roles and Responsibilities

The following sections summarise the roles and responsibilities for each of the team members indicated in the above structure diagram. For clarity this Section lists these responsibilities first for the proposed DPC and City team members and then for the Axon team members. The team will operate as a single, jointly managed team with a common set of objectives.

DPC Provided Resources (including the City)

<i>DPC or City Resource</i>	<i>Responsibilities</i>
Executive Sponsor	<p>Own the Vision</p> <ul style="list-style-type: none"> ⊙ Provide direction to the Project and ensure that best practices are incorporated ⊙ Committing the required resources to the Project ⊙ Monitoring the progress and the organizational impacts of the Project ⊙ Empowering the core Project team to make decisions ⊙ Resolving escalated issues - Rapid issue resolution e.g. within 3 working days ⊙ Agree policies for Change Management, Communications and business direction ⊙ Actively promote the Project internally and externally ⊙ Project owner & ultimate decision making authority ⊙ Final budgetary authority ⊙ Promotes the Program throughout the Organization ⊙ Communicate the vision for the change ⊙ Demonstrate public support and commitment to the change ⊙ Monitor commitment of personnel ⊙ Ensure business issues are resolved in a timely manner ⊙ Ensure necessary resources are available
Project Manager	<p>Deliver the Solution</p> <ul style="list-style-type: none"> ⊙ Owns Project deliverables ⊙ Manages Project budget & implementation plans ⊙ Management of & accountability for Project Scope & Deliverables ⊙ Acquisition, assignment & ongoing management of Project resources ⊙ Status Reporting ⊙ Liaison with the Senior Management ⊙ Issue escalation ⊙ Communicate & champion the Project vision ⊙ Represent the Project within the Project Board ⊙ Manage the day to day activities on the Project ⊙ Manage resolution of business change issue

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DPC or City Resource	Responsibilities
	<ul style="list-style-type: none"> ⊙ Provide direction on Project Communications and Change Management ⊙ Be accountable for the commercial relationship with external organizations
Workstream Lead	<p>Own the Process Design</p> <ul style="list-style-type: none"> ⊙ Champion To-Be process vision ⊙ Manage process scope ⊙ Obtain buy-in from both the business process owners and users ⊙ Manages execution of unit, integration and user acceptance testing ⊙ Resolve all issues assigned to the business function including change management issues ⊙ Ensure communication with, and resourcing from, the business community and group ⊙ Sign-off the design, approve and release the software for implementation
Change & Training Architect	<p>Prepare the Business</p> <ul style="list-style-type: none"> ⊙ Lead the business change Program ⊙ Manage the change team and change deliverables ⊙ Define high level change strategies and plans ⊙ Identify and educate key stakeholders ⊙ Facilitate resolution of identified change issues ⊙ Develop the training strategy and plan ⊙ Manage creation of training materials ⊙ Manage training delivery ⊙ Plan and manage business readiness ⊙ Prepare business for cutover
Technical Lead	<p>Deliver the Technology</p> <ul style="list-style-type: none"> ⊙ Design system architecture ⊙ Confirm security compliance ⊙ Define technical acceptance criteria ⊙ Specify key system components ⊙ Establish and support the system environments ⊙ Support team technically ⊙ Co-ordinate implementation of local infrastructure
Process Analyst (reports to Workstream Leads)	<p>Design the Solution</p> <ul style="list-style-type: none"> ⊙ Define the process design ⊙ Validate process design ⊙ Identify local gaps & issues ⊙ Support resolution of identified gaps & issues ⊙ Support data migration activities ⊙ Data cleanse ⊙ Support interface development and testing ⊙ Test preparation including:

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DPC or City Resource	Responsibilities
	<ul style="list-style-type: none"> • Identifying transactions and data to be tested • Managing expected results versus actual results • Analyzing reasons for differences • System Testing ⊙ Support training development & delivery ⊙ Develop business procedure documentation ⊙ Identification of change management implications ⊙ Provide 1st line expert user post go-live support

Axon Resources

Axon Resource	Responsibilities
Project Manager	<ul style="list-style-type: none"> ⊙ Deliver the Project ⊙ Overall management of Project activities ⊙ Define & Communicate Project Vision ⊙ Champion Project Methodology ⊙ Engage Project Stakeholders ⊙ Manage Issue Escalation Process ⊙ Manage Project Risk Register ⊙ Manage and achieve Project deliverables and milestones ⊙ Ensure overall Project quality, co-ordinate quality reviews ⊙ Manage Project budget ⊙ Manage Project resources and plan ⊙ Manage Project infrastructure ⊙ Schedule and execute Project management and workstream lead meetings ⊙ Management reporting and steering committee meetings
Change & Training Architect	<ul style="list-style-type: none"> ⊙ Support the definition and delivery of the overall Project change management approach <ul style="list-style-type: none"> • Provide best practice change methodology support • Leverage templated change deliverables, tools & techniques • Ensure appropriate insight and experience is brought to all change workstreams ⊙ Ensure integration between all of the change workstreams and the core business process workstreams ⊙ Monitor progress within the Change Stream to ensure all change enablement activity is on track and is integrated with the other Program workstreams ⊙ Ensure the appropriate quality of all change deliverables ⊙ Coach and facilitate key meetings and events to ensure that key stakeholders are educated in the methodology ⊙ Identify and educate key stakeholders who span a number of workstreams including HR and employee relations contacts ⊙ Incorporate recommendations from other strategic initiatives into approach and work plan

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Axon Resource	Responsibilities
	<ul style="list-style-type: none"> ⊙ Define & deliver Integrated Training Strategy ⊙ Design & assess High-Level & Detailed Training Needs Analysis ⊙ Develop integrated core stream training strategy including: <ul style="list-style-type: none"> • Detailed training catalogue • Training delivery mechanisms & tools • Training development & delivery plans • Training scheduling and management processes • Confirmation of training resource requirements including functional consultants, trainers, administration staff, infrastructure (hardware & software), venues, etc ⊙ Provision and Confirmation of Training Development Templates and standards ⊙ Liaise with other change workstreams to ensure that training reinforces key change & transition messages ⊙ Liaise with process mapping activities to ensure developed material supports process overview training: <ul style="list-style-type: none"> • Co-ordinate development of integrated core stream training catalogue • Manage development of training materials and supporting training environments • Plan training delivery • Manage training delivery ⊙ Manage ongoing stakeholder issues related to training
Workstream Lead	<ul style="list-style-type: none"> ⊙ Own the To-Be process vision fully mapped to SAP ⊙ Ensure Business Area level sign-off of developed process vision ⊙ Delivering the integrated systems, process and business change solution for the workstream ⊙ Represent the Program with business area executive and first-line stakeholders ⊙ Ensure that the process and reporting design supports benefits enablement ⊙ Champion To-Be process & role vision including developed design ⊙ Ensuring business process & SAP design meets business needs and supports enablement of business area vision ⊙ Ensuring business change and benefits enablement are driven through all workstream deliverables ⊙ Manage process scope ⊙ Champion best practices with the business ⊙ Co-ordinate workstream-level solutions delivery and change stream deliverables ⊙ Obtain buy-in to the process vision from business key stakeholders, process owners, users ⊙ Identify transactional reporting requirements and drive high level report design ⊙ Resolve all issues assigned to the business function including change management issues ⊙ Manage execution of unit, integration and user acceptance

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Axon Resource	Responsibilities
	<p>testing</p> <ul style="list-style-type: none"> ⊙ Ensure effective communication with, and resourcing from, the business area community ⊙ Sign-off the design, approve and release the software for implementation ⊙ Facilitate Weekly Workstream Status Meetings ⊙ Promote the Program throughout the Organization ⊙ Management of workstream members & Change Resource including career aspirations & personal development ⊙ Report Status
SAP Application Consultants	<ul style="list-style-type: none"> ⊙ Design processes to support confirmed process strategy within SAP standard functionality ⊙ Advise functional leads, business change architects & solution management on SAP best practice ⊙ Champion Design ⊙ Gather SAP and business data ⊙ Design business processes ⊙ Ensure the system design supports business requirements ⊙ Configure SAP ⊙ Document Design ⊙ Document, resolve & escalate issues ⊙ Transfer system knowledge to Project team members ⊙ Champion business change at a process level ⊙ Support change team including: <ul style="list-style-type: none"> • Project team training • Job impact assessment • Training solution development • Communications & Involvement • Benefits identification & enablement ⊙ Support data migration & management team ⊙ Support Interface Development ⊙ Report status
ABAP / XI Developers	<ul style="list-style-type: none"> ⊙ Develop identified enhancements ⊙ Integrate system components ⊙ Develop data upload routines ⊙ Develop SAP interface components ⊙ Support application Consultants ⊙ Apply OSS fixes
BASIS Consultant	<ul style="list-style-type: none"> ⊙ Design system architecture <ul style="list-style-type: none"> • Specify key system components ⊙ Design Authorization & Security Architecture <ul style="list-style-type: none"> • Confirm compliance with Business Security policies ⊙ Support System Sizing <ul style="list-style-type: none"> • Liaise with hardware & software vendors to ensure best practice sizing ⊙ Define Installation / upgrade strategy ⊙ Define SAP release system strategy

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Axon Resource	Responsibilities
	<ul style="list-style-type: none"> ⊙ Define Client management strategy ⊙ Maintain Program SAP environments ⊙ Establish and support system environments ⊙ Database management and re-organizations ⊙ Capacity management and archiving process ⊙ System performance monitoring ⊙ Security administration ⊙ Manage transport queues and promote to production path ⊙ Manage OSS note access, status and application ⊙ Support definition and set-up of technical procedures including: <ul style="list-style-type: none"> • Back-up and recovery execution • Printer and peripheral management • House keeping • Problem logging • TCP-IP support • SAP GUI management • Batch job processing • Ongoing Interface management (including data take-on) • Complementary systems

Key Employees

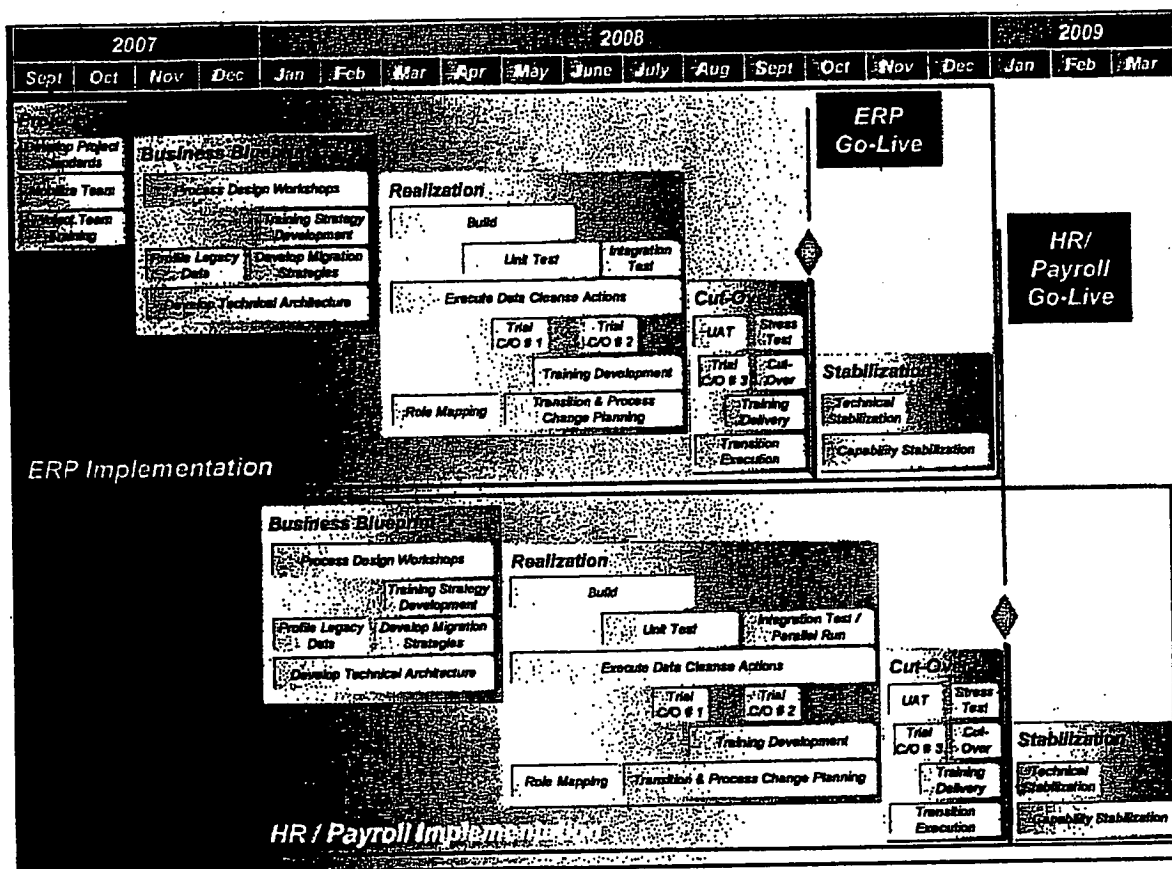
- The following resources will be considered Axon's Key Employees as stated in the Master Services Agreement:
 - Ed Tohid – Engagement Manager
 - Stephen Srivastava – Integration Manager
 - Jonathan Best – FI Workstream Lead
 - Rob Levy – HR Workstream Lead
 - Vivek Bhanot – MM Workstream Lead
 - Jonathan Cunningham – Change Architect
 - Ian McCallum – Technical Architect

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A X  N**5 Project Plan**

This Project will be delivered in accordance with SAP's ASAP methodology. The plan below articulates the main work packages for the implementation. During the Project Preparation Phase a detailed MS Project plan will be developed by Axon and DPC Project managers.



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6 Assumptions

Certain assumptions were taken into account to determine the level of effort to perform the scope of Services included in this SOW. Several of these assumptions are as follows:

Implementation Assumptions

- DPC is committed to implementing SAP "Best Practices" in order to minimize the need for FRICE-W customizations.
- DPC will implement the design of the business processes, procedures, policies, and practices to fit within a non-modified SAP installation. The Project will be limited to configuring standard SAP business processes without any modification to SAP's source code.
- DPC recognizes that co-existing initiatives may be a risk and a challenge to the Project team and the implementation. DPC will be responsible to ensure that the appropriate actions are taken to avoid any impact to the Project schedule, staffing, and costs related to any co-existing projects. Current staffing does not include time to satisfy any restrictions imposed by competing initiatives and thereby could be subject to change control procedures.
- DPC understands the Project scope and Project timelines and agrees to communicate and adhere to those objectives internally; thus, helping to set the proper expectation level.
- Prompt decision-making and problem resolution will be required to achieve an on-time, on-budget Project completion. It is expected most decisions and/or problems will be resolved within a three (3) day time period for any one process decision/validation. DPC agrees there is a one (1) week maximum timeframe or a timeframe otherwise agreed to by both parties. Axon will efficiently deliver items for DPC review and decision making.

Staffing and Organization Assumptions

- DPC and Axon will staff the Project with the resources listed in Section 4.
- DPC and Axon Project teams will be located onsite within the facility located in San Diego. Some work will be conducted by Axon Project team members in offsite facilities with remote access to the hardware environment.
- DPC's executive team is supportive of the Project and will establish a Project Steering Committee for overseeing the Project which will include Axon's Engagement Director.
- DPC will assign a Project Manager to the implementation Project team on a full time basis for the duration of the Project.
- Axon personnel will work a four (4) day/forty (40) hour week at a minimum schedule. After a Live, and as necessary, resources will alternate travel on Monday and Friday so an Axon presence is always onsite in San Diego.
- Axon will take the lead and be responsible for the development of FRICE-W with the assistance

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of DPC resources identified in Section 4. Should any additional development resources become necessary, DPC will either provide qualified resources to perform this activity or invoke the process in Section 10 for additional Axon resources.

- DPC will staff the Project with qualified resources that are familiar with the City's business processes and practices. These resources must possess the necessary competencies, capabilities, and dedication to complete the solution on time.
- Both parties agree to work overtime (when required) to help complete Project deliverables and to make Project timelines.
- DPC will empower DPC Project team members to make decisions related to configuration and business processes.
- All DPC and Axon Project team members are expected to take normal vacation and holiday days throughout the course of the Project except during stages of the Project where their presence is critical. The Project Managers will review any requests for vacation before approval is granted.

The Application

- Axon is responsible for the initial installation and configuration of the base software.
- There are no plans for new version upgrades during the implementation process.
- DPC is responsible for training technical personnel on the application software environment and tools.

Project Management

- Axon will assume overall responsibility for the successful installation and completion of this Project including the management of all consultants, subcontracted resources and related Project activities.
- Axon will assume overall responsibility for conducting all Project related administration activities including the development and administration of an MS Project based work program.
- Project status reporting will be conducted as identified in Section 7 or as otherwise agreed by the parties.
- Axon will work with DPC to establish the electronic Project office including: Project directories, calendars, work program, time and expense reporting, status reporting and other items as agreed to. DPC will provide a Project Administrator as identified in Section 4 to support these activities in the Project office.

Security

- Axon will assume responsibility for training DPC in SAP security.
- DPC will assume responsibility for establishing user security in the SAP system for all users.

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Business Process

- As SAP is implemented, DPC should anticipate and plan for organizational adjustments. DPC will be responsible for evaluating and managing any business process and technical environment changes, managing and executing the organizational change plan and developing new performance measures for the organization.
- Axon will deliver procedures for the top business activities and flow of work through the system.
- DPC will review the procedures and identify modifications to the business activities and workflows.
- DPC will draft changes to regulatory requirements and major policies in support of the business activities, workflows, and new system processing.
- As required DPC will obtain approval from the appropriate regulatory body or executive to implement the required changes.

Conversion

- Axon will develop a conversion strategy and present to DPC for review and approval.
- DPC will assign technical resources to provide Axon with current system file layouts and data descriptions.
- Axon will review DPC file layouts and data descriptions and will map source data to the target environment and prepare design specifications.
- Axon will design, develop, and unit test conversion load programs.
- DPC will design, develop, and unit test the conversion extract programs.
- Axon will run the data conversion programs and verify the quality of the data.
- Axon will modify conversion load programs, and DPC will modify conversion extract programs to address data conversion and data cleanup issues.
- Axon will execute the conversion programs in support of up to three (3) full production file mock conversions, or as mutually agreed, based upon the results of initial mock conversions.
- Axon will be responsible for conversion controls and balancing.
- Axon will be responsible for employing a cutover approach that minimizes interruptions to the business.

Data Cleansing

- DPC will assign individuals to conduct data preparation activities.
- DPC will assign individuals to perform data cleanup on the current system based on exception reports obtained from various conversion runs.
- Axon will assist DPC in the identification of manual conversion activities required to supplement the automated conversion effort.

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Environments

- Axon will be responsible for establishing the various SAP development, test and production instances.
- DPC will be responsible for migration of delivered components across the various instances.

Infrastructure

- DPC will assume responsibility for ongoing operation and support of the development and production infrastructure including the server, network, and desktop environments.
- Axon will support DPC in the operation and support of the development and production infrastructure.

Interfaces

- Interfaces anticipated to be developed are identified in Section 2.
- DPC will provide expert resources to modify legacy systems for interfaces to SAP. Axon will not modify DPC legacy systems in conjunction with this Project.
- Axon will provide DPC with templates, instructions and samples of specification documents required to build interfaces.
- As a general principal, DPC will be responsible for developing the interfaces from the legacy systems, up to the point it touches SAP. Axon will be responsible for developing the elements of the interface that reside within SAP (e.g. BAPI, IDOC, RFC).

Reporting

- Axon will develop a functional and technical design resulting in a detailed program specification for each report identified. As agreed to, DPC may review and approve the detailed specifications.
- Axon will code and test the report.
- Axon will deliver the report to the system test environment.

Forms

- Axon will develop a functional and technical design resulting in a detailed program specification for each form identified. As agreed to, DPC may review and approve the detailed specifications.
- Axon will code and test the product form.
- Axon will deliver the product form to the system test environment.

Workflow

- Workflow will be employed for purchase approvals. The PA-OM module will be used to represent the organization structure and approval hierarchy.
- Axon will develop a functional and technical design resulting in a detailed program specification for each workflow identified. As agreed to, DPC may review and approve the detailed specifications.

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- Axon will code and test the product workflow.
- Axon will deliver the product workflow to the system test environment.

System Testing

- Axon will develop a test plan outlining the testing approach, methods, data, and participants.
- Axon will assume responsibility for conducting a product integration test to insure the delivered product enhancements, interfaces, reports, forms, and workflows work to specification and do not adversely impact the system as a whole.
- DPC will assume responsibility for conducting a business test focusing on how well the business scripts flow with the new system.
- DPC will provide resources to participate in testing activities under the direction of Axon.
- Axon will provide resources for product fixes resulting from errors identified during the system testing process.
- Axon will deliver the completed system to DPC for review and acceptance.

Training

- Axon will provide a Train-the-Trainer approach to complete the End-user Training. DPC personnel will develop and conduct the training courses for DPC end users.
- DPC will provide its users with specific times during their workday to conduct a hands-on user refresher either at their desktop or on a workstation within their work area.
- DPC has the facilities and will provide the necessary logistics support for all training sessions, including: class schedules, meeting rooms, training rooms, material reproduction, overhead projectors, training workstations, and any other necessary training supplies.
- DPC will ensure end-user attendance at training.
- It is the responsibility of DPC to ensure that end-users are computer literate prior to application training.

User Acceptance

- DPC will be responsible for developing an acceptance test plan.
- DPC will be responsible for conducting an acceptance test of the completed system as delivered by Axon at the completion of system testing activities.
- DPC will formally accept the system in writing and declare it ready for production installation.

Production Cutover

- DPC with assistance of Axon will stage all aspects of the system in preparation for production cutover.
- DPC with assistance of Axon will conduct production cutover activities.
- DPC will conduct manual conversion activities as required following production cutover.

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Post Implementation Support

- Axon will facilitate DPC in developing a post Go-Live support strategy.
- DPC will be responsible for establishing a support organization with the appropriate, processes policies and tools required to manage the production environment.

7 Program and Project Management Processes

- ⊙ The Program management processes outlined in this Section represent the detailed Project management and control processes that will be adopted by the SAP implementation.

Project Management Tool

Axon will provide our Project management and document repository tool APSE ("Axon Project Support Environment"). This is a web-based tool which will be made accessible to all Project team members. Axon will also certify that any components of Solution Manager required for the proper implementation of other SAP components implemented by the City will be properly populated and maintained. Key Project management processes that APSE enables are:

- ⊙ Deliverable status management
- ⊙ Deliverable review & sign-off
- ⊙ Issue & Risk Management
- ⊙ Training Scheduling
- ⊙ Communications Management
- ⊙ Business Case Management
- ⊙ Forms, Report, Interface, Conversion and Enhancement (FRICE) Management
- ⊙ Testing Management.

APSE will be provided free of charge to DPC for the duration of the Project. Axon will also provide APSE user training for DPC and City team members.

Project Controls

We will establish the following Project status reporting processes to control the Project progress and identify and prioritize issues arising.

Project Plan and Status Tracking

The Axon and DPC Project managers will have responsibility for developing a Project plan for the implementation. Progress against this plan will be tracked based on objective criteria to assess whether the Project is on track, and to identify and initiate any corrective actions necessary. Examples of objective status tracking criteria include:

- ⊙ Design phase - % of design issues closed, number of specifications written
- ⊙ Build phase – % configuration matrix targets met
- ⊙ Test phase – % test scripts successfully executed
- ⊙ Go-Live – number of users completing training classes
- ⊙ Support – number of go-live issues closed.

Weekly Status Report

The functional, technical and change teams will be required to jointly produce a two weekly summary status report, highlighting:

- ⊙ Progress vs. planned deliverables and tasks in current period
- ⊙ Any issues arising and containment plans
- ⊙ Any change in impact/ probability of risks
- ⊙ Any CRs arising
- ⊙ Dependencies on other work-streams / Projects and current status
- ⊙ Plans & deliverables for coming period.

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Other Project Controls

- ⊙ **Budget Control** – Axon will support DPC in the establishment of budgets based on the cost model outlined in this SOW. The Project managers will track spend against budget and maintain and report against the implementation work plan.
- ⊙ **Risk Management** – Axon and DPC will jointly maintain a risk register to keep track of risks, their potential impact and probability, and the status of any mitigating actions agreed. The Project managers and Project Steering Committee will periodically review the list, identifying any new risks, or existing risks with changed impact/probability and review mitigation plans as necessary.
- ⊙ **External Dependencies** – for all other DPC projects and programs, the DPC Project manager will identify and actively manage key milestone dependencies in coordination with the teams of the corresponding Projects.
- ⊙ **Change Control** – all material changes to the agreed scope, timelines or resource requirements will be subject to the Change Control process outlined in Section 7.5.
- ⊙ **Project Planning** – Axon and DPC will jointly maintain implementation Project plans for each release, showing all Project milestones and planned activities together with the agreed dependencies between these activities. The High Level Project Plan will be maintained in MS Project.
- ⊙ **Contract Management** – Axon and DPC will each nominate a Contract Manager who will meet on a regular (monthly) basis to review progress against the agreed schedule together with any potential contractual issues that have been recognized by either party.

All of the above controls will form the input to the weekly Project management meeting. Once a month, these reports will be rolled up into a report to the Project Steering Committee ("Program Status Report").

Issue Management Process

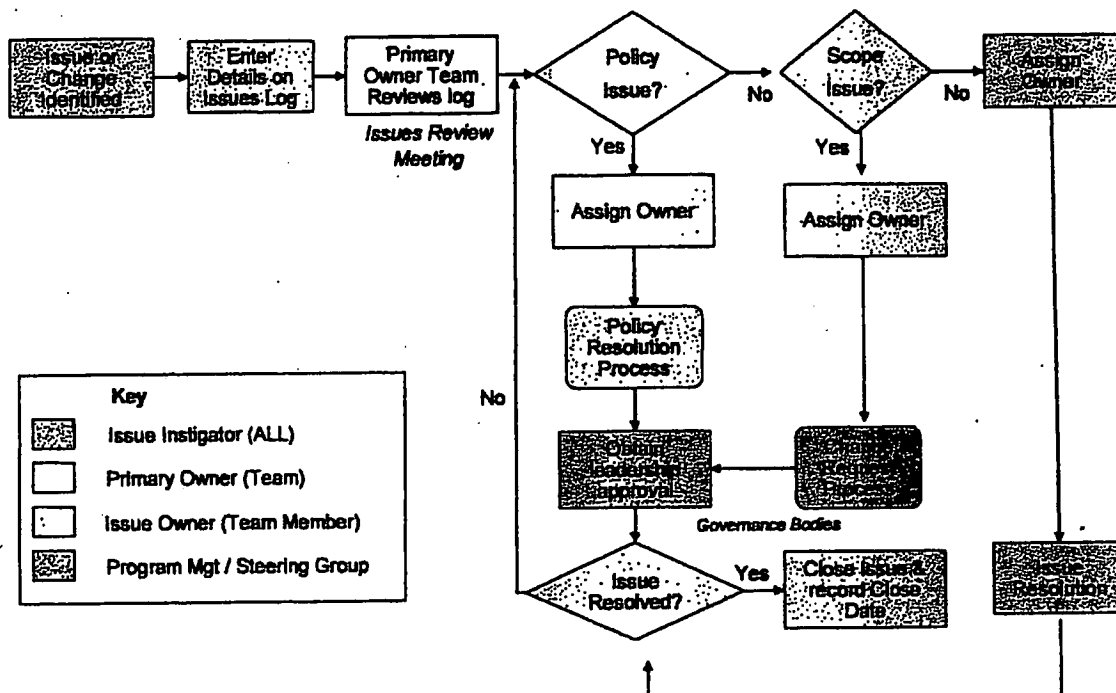
Process Overview

The PMO will institute the following issue management process to capture issues as they arise, and keep track of their progress through resolution in a timely manner.

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Escalation Procedure

Escalation procedures will apply in the case where an issue cannot be resolved in a timely manner, and risks impacting program timescales or costs. All issues that are escalated should be accompanied by options, implications and a recommendation.

Type of Issue	Escalation Path
Policy	<ol style="list-style-type: none"> 1. Workstream Lead 2. Program Management Office 3. Steering Committee
Design	<ol style="list-style-type: none"> 1. Workstream Lead 2. Program Management Office 3. Project Steering Committee
Scope	<ol style="list-style-type: none"> 1. Workstream Lead 2. Program Management Office 3. Project Steering Committee
Technical	<ol style="list-style-type: none"> 4. Technical Workstream Lead 5. Program Management Office 6. Project Steering Committee

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The numeric sequence associated with each escalation path indicates the order in which an issue is escalated to the respective governance body for resolution.

Quality Assurance Process

Quality management applies at various levels in the Project. Axon will be primarily responsible for ensuring that quality assurance and quality plans are in place for Project management and solution development in accordance with industry standard. Axon is responsible for ensuring that all deliverables are created to the level of quality required to ensure Project success and necessary for acceptance of the Deliverable.

Quality Assurance Approach

The Quality Assurance Approach outlined below provides the framework for ensuring that quality objectives are set and both customer and regulatory requirements are met.

Purpose and Objectives

The approach to Project Quality Assurance is driven by the goal of being the best at what we do in our chosen field. Therefore the achievement of quality and client satisfaction is paramount to achieving this goal.

The overriding purpose is therefore to ensure that:

1. Quality standards are set upfront and are clearly articulated and understood by all people engaged on the program
2. All delivery processes and mechanisms are clearly articulated and understood and have defined outputs and quality checks designed into them
3. Rigor and challenge are key facets in ensuring quality outputs are achieved
4. A high quality, flexible solution is developed.

Quality Management Approach

The objectives are delivered by including Quality Assurance as an integrated element of the program process and not a series of optional bolt on components. The key elements of our approach are outlined below.

- ⊙ **Integration:** Ensures a critical path has been defined for the overall activities of work; defines the 3-5 major themes around which the Project can be aligned; ensures a balance between research, analysis, planning and doing; focuses on educating all relevant parties in the key aims and objectives of the Project.
- ⊙ **Mobilization:** Clearly articulated strategy of events to involve all relevant parties; focus on the cycle of change as the driver for improvement; Project team members understanding their role as change agents.
- ⊙ **Communication:** All relevant parties identified before Project commences; strategy created for consistent communication messages; full use made of communications mediums (reports, newsletters, meetings, etc.); metrics developed to measure communications effectiveness.
- ⊙ **Project Sponsorship:** Clear expectations with senior management/officials; sponsorship role defined; commitment clearly demonstrated through actions; personal role-modeling of required behaviors and actions.
- ⊙ **Business Case:** Clear benefits identified for doing the Project; stretch targets identified and communicated to Project members; focus on both 'hard' and 'soft' benefits; measures identified against which to manage progress.
- ⊙ **Team Enablement:** Skills and competencies defined; clear mandate given to teams; common expectation of what success is for each team; appropriate leadership in place; common view of team model being used.

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- ⊙ **Roles and Responsibilities:** Clearly understood roles amongst sponsors, teams and support mechanisms; established procedure for resolving issues; roles and responsibilities identified in Project charters and mandates.
- ⊙ **Project Planning:** Holistic view of Project aims based on agreed objectives; proven charter, milestones and review mechanism in place; approval process agreed up front for Project recommendations; ownership of integration process.

The above serves to highlight the importance of ensuring the inputs to commencing the Program are professionally managed. Highlighted below are the key components of the proposed ongoing Quality Assurance approach.

Quality Component	Description / Terms of Reference
Individual Team Member Accountability	Each team member is accountable for the quality of the Deliverables on which they work and must ensure that all activities conform to the agreed Program Quality Standards
Axon Audit	Axon audits are focused around a health-check of the Program itself (rather than technical quality assessment), and engage key executive stakeholders for their perspectives on Program performance and program status.
Formal contract review meetings	A series of formal monthly contract reviews.
Project Governance	A set of meetings and processes to ensure that the Program is delivered on time, to budget and to the agreed scope and quality.
Risk management and issue management processes	Defined processes enabled through the use of a formal Project management toolset, either APSE or a similar tool, which provides the correct balance of Project control and efficiency to ensure quality delivery.
Project Documentation Database	Either APSE or similar tool, shall act as a repository of all Project documentation (both Design and Project Management).
Scope control process	Clear processes enabled, with a supporting toolset, to ensure quality.

Change Control

The change control procedure will be utilized to manage all material changes to the Program. The procedure is designed to capture all requests for change while at the same time ensuring that the decisions are traceable and made at the correct level.

Change Control ensures that:

- ⊙ Project baselines are established
- ⊙ Each change request ("CR") is identified and managed efficiently
- ⊙ Appropriate groups are made aware of the status of each CR
- ⊙ A CR is monitored, approved, deferred or withdrawn
- ⊙ The mySAP ERP Program can exercise control over expenditure on changes
- ⊙ Timely decisions are made and the process is efficient.

Program Change Control ("Change Control") is specifically designed to eliminate 'scope creep' within the Project, but it is also closely linked to the communication, end-user training, and organizational change management processes. As changes are identified and implemented the effects on the business community and other people associated with the new system will need to be assessed and the impact evaluated. This impact will need to be managed through the organizational Change Management procedures and mitigated via relevant communications to, and training of, the affected users and personnel.

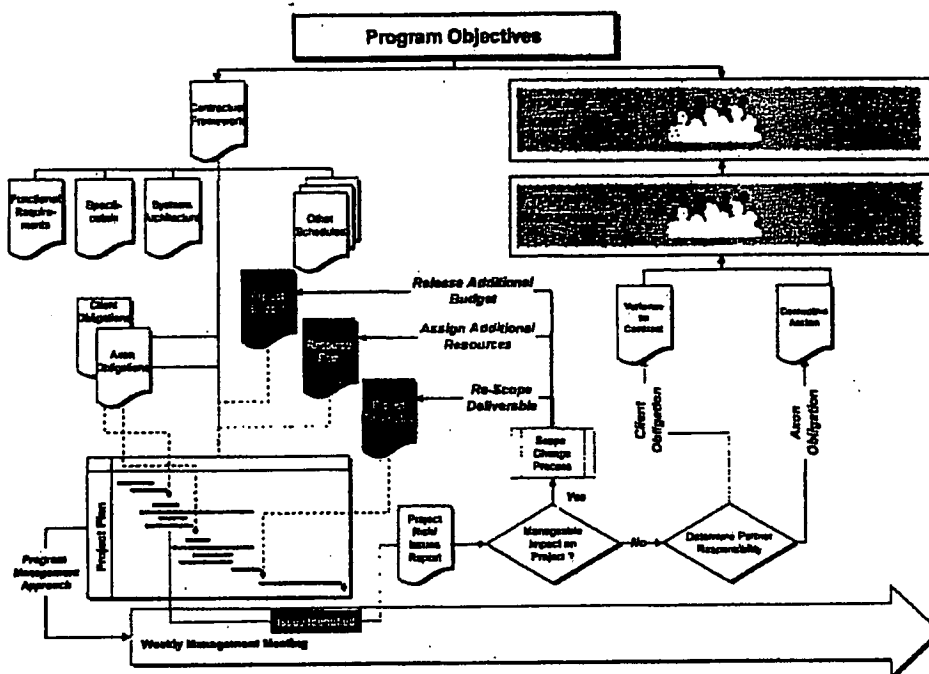
A clear intent of the Change Management process is to ensure that the majority of CRs are reviewed and dealt with by the appropriate level of responsibility with the program without recourse to escalation. The

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approach is enshrined within the core Project management processes and is summarized in the following diagram:



The following sections outline the proposed Change Control process.

Scope of Change Management Process

The Change Control procedure applies to all material changes, which impact the Program. The procedure is performed whenever the Program / Project managers or the Project teams are aware of a change to the established, approved Project baseline and the associated documents.

A valid CR is defined as anything that requests a material change in:

- ⊙ Business Processes or SAP Module and Components required
- ⊙ Project / Program Duration (Schedule) and associated Milestones
- ⊙ Project / Program Budget
- ⊙ Axon Consultant resource levels
 - Where caused or requested by DPC
- ⊙ Project / Program Documentation and / or Deliverables
- ⊙ SAP Technical Architecture
- ⊙ Quality
- ⊙ Change of Functionality – A change that adds, changes, or deletes planned functionality
 - A material change to the defined FRICE-W components within the scope of the Release SOW
 - An identified increase in the size of the unspecified FRICE-W Budget

Guiding Principles

The following principles will govern the Change Control approach:

- ⊙ All changes will be tracked, regardless of size, as the cumulative effect of many changes, even when minor, can result in an overwhelming effort for the Project team
- ⊙ All CRs will be documented within the selected program change control tracking solution
- ⊙ All CRs must be raised by either the Workstream or Technical Leads, or the Project Leadership

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- ⊙ All CRs to be approved prior to commencement of additional work or ending of current work
- ⊙ All CRs impacting the following criteria will be subject to approval by the Project Steering Committee:
 - > Program timeline
 - > Program cost
 - > Program scope
- ⊙ All CRs will be subject to the agreed contractual rates and conditions as defined in this Agreement.

Aims

The Change Control system will:

- ⊙ Manage the progress of changes raised
- ⊙ Analyze the impact of each CR and propose solutions with an adequate level of technical and commercial detail
- ⊙ Only permit the progress of changes, which are agreed in writing in accordance with the defined CR procedure
- ⊙ Record the status, progress and costs of all actions undertaken
- ⊙ Communicate the results of the various stages to the originator and other participants.

Project Change Management Process:

The following change control procedure ("Change Control Procedure") shall be adopted for all changes to the SOW

The Program Management Team, consisting of DPC and Axon Program Directors, will have accountability for the Change Control Procedure and the delegated authority for approving changes.

A written CR shall be submitted by either Party to the other Party stating, as a minimum, the:

- ⊙ Tracking document reference
- ⊙ Originator, requestor and CR date
- ⊙ The reason for the CR including potential benefits and impacts
- ⊙ The impact of not implementing the change.

Where a CR arises from either Party's failure to meet its obligations as defined in the agreement and any articles and schedules hereunder, the Party who is potentially in breach of its defined obligations will be allowed twenty (20) days to remedy or agree a plan to remedy the alleged issue or identified area of non-performance as defined in the Master Services Agreement. Each CR shall be approved at the appropriate delegated authority level prior to Axon responding to the CR.

Each CR will be either:

- ⊙ Approved for investigation, along with agreed time and cost allowances for any investigation effort on a CR which is subsequently rejected; such cost allowance to be agreed in advance by both Parties
- ⊙ Deferred for consideration in a future phase
- ⊙ Rejected and closed.

Axon shall respond to each CR for changes to the Services or Deliverables which are the responsibility of Axon with:

- ⊙ A technical outline of the solution to the CR
- ⊙ An assessment of the impact on the existing contracted Services, Deliverables, schedule and productive SAP environment
- ⊙ A quotation, if applicable, for any additional resources, including labor and expense fees cost estimates.

Axon reserves the right to charge DPC for investigating CRs in line with the criteria defined in the following table:

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Amount Charge Request Investigation Effort

	Approved	Rejected
< 10 Days	Free of Charge	Free of Charge
≥ 10 Days	Free of Charge	Charged

The completed response will be returned to the PMO. Appropriate approval shall be sought for the change and if necessary the CR may be recommended to the Project Steering Committee for final acceptance.

Each CR will be either:

- ⊙ Approved for inclusion in the current release / deployment, where the impact on the current Phase is outlined and approved as part of the CR
- ⊙ Approved for inclusion in a future phase, where the impact on the future phase is outlined and approved as part of the CR
- ⊙ Rejected and closed.

Both Parties shall work in good faith to review and approve or reject any such CRs within a reasonable period of time, typically no more than five (5) working days, or as mutually agreed by the parties, from the return of the 'investigated' CR. If accepted, the CR shall be henceforth termed a "Change Order" and the change in the SOW, fees and payment schedule shall become immediately effective.

Change Control Tool

A robust change control tool shall be used to manage the change control requests submitted. The tool should ensure relevant Project resources can access change control information in a timely and organized manner while retaining control over access to sensitive information.

The change control tool shall support the change control process utilizing, where relevant, the following mechanisms:

- ⊙ Ease of data entry to allow capture of all potential CRs in a central location with minimum overhead
- ⊙ Sign off capability at all relevant stages of the Change Control Procedure
- ⊙ Workflow technology to promote process efficiency
- ⊙ Clear reporting allowing effective management and control of the process.
- ⊙ Tracking of updates to each logged CR.

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SAP IMPLEMENTATION – STATEMENT OF WORK**8 DPC Provided Assistance**

This Section describes the assistance DPC will supply, to enable Axon to provide the defined services and meet its obligations under this Agreement. In the event that DPC fails to provide the required assistance there will be material impact on Axon's ability to deliver the Program, this impact will be assessed and an appropriate CR raised to reflect the likely impact on the cost, scope or timelines of the program.

DPC will provide:

- ⊙ The Project infrastructure
- ⊙ Secure remote access
- ⊙ The required software licenses
- ⊙ Other information and assistance
- ⊙ The office space and furnishings

All items are outlined in detail below.

Project Infrastructure**DPC Provided Project Infrastructure**

The following table provides a breakdown of the hardware specifications required to support both DPC and Axon Project team members (Where an item is stated to be "Required" it is required by all Project team members; where an item is marked "Developer" means that it is required only for developers and architects working on the Project):

<i>Component</i>	<i>Required / Developer</i>
Pentium®4 CPU 2 GHz	Required
512 Mb RAM	Required
50 Gb DISK	Required
1 Gb RAM	Developer

The following table provides a breakdown of the required capabilities of each of Project team member's PC:

<i>Component</i>	<i>Required / Developer</i>
Capable of running all software components listed below	Required
Capable of connecting to DPC local area network	Required
Capable of connecting to DPC email & calendar facilities	Required
Connected to any Project repository or file share (e.g. network drives)	Required
Connected to SAP development environment	Required
Connected to a Project printer	Required
Capable of connection to Internet, or the following named sites: ⊙ http://www.sap.com	Required

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Component	Required / Developer
<ul style="list-style-type: none"> ⊙ http://service.sap.com ⊙ http://sdn.sap.com ⊙ https://www.axonradio.com ⊙ https://www.axonglobal.com 	
Capable of displaying a minimum resolution of 1024 x 768	Required
Local administrator rights / local registry rights	Developer

DPC shall make available to the Axon personnel desktop PCs or laptops, as is reasonably necessary and appropriate for them to deliver the Project, and to otherwise fulfill obligations under this Agreement. Axon shall use supplied PCs or Axon laptops connected to DPC network resources in the manner defined in the following section.

Connectivity of Axon Laptops to the DPC Network Resources

Axon notebook computers shall be provided access to the DPC network, including SAP access, file shares, APSE, and e-mail, under the following conditions. The access provided to notebook computers will be equivalent to access provided by the DPC desktop computers.

- ⊙ Axon shall maintain virus protection acceptable to DPC with current virus software and signature files.
- ⊙ DPC will review Axon notebook computers to verify virus protection and Microsoft security patches are at current levels
- ⊙ Axon is responsible to update virus software and signature files to maintain current versions.
- ⊙ Axon will ensure all data and files created by Axon personnel are stored on DPC networked servers, not local hard drive of Axon notebook computers
- ⊙ Axon is responsible for any loss of data due to hardware failure of an Axon notebook computer
- ⊙ Axon is responsible to license all standard Microsoft Office software installed on Axon notebook computers (i.e. Microsoft Office, Project, Visio, etc.)
- ⊙ Axon is responsible for installation and configuration of all software required on Axon notebook computers
- ⊙ In the event of a virus outbreak, Axon will remove their notebook computers from the DPC network if requested
- ⊙ In the event of a virus outbreak, Axon will be responsible for cleansing all Axon notebook computers, regardless of the source of the virus.

Axon also agrees to the following general terms and conditions regarding use of personal computers:

- ⊙ Axon personnel will comply with DPC employee policies regarding acceptable use of Internet and e-mail when using DPC or Axon computers at all times Axon personnel are at the DPC facility, or connected to the DPC network remotely. This also includes all content stored on an Axon notebook computers brought into the DPC facility
- ⊙ Axon personnel shall not copy or distribute licensed software purchased by DPC
- ⊙ Axon personnel shall not distribute licensed software to DPC personnel or computers without proper verification that software has been licensed by DPC.

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**Software**

The following table provides a breakdown of software packages that DPC and Axon Project team members will need to deliver the implementation services agreed. The requirements of the developers and architects are marked Developer.

Axon	Package	Version	Required / Optional
Microsoft	Windows ⁽¹⁾	2000 or later	Required
Microsoft	Office ⁽¹⁾	2000 or later	Required
Microsoft	Internet Explorer ⁽¹⁾	5.5 or later	Required
SAP	mySAP ERP	2005	Required
SAP	SAPGUI	7.10	Required
SAP	SAP SDK / Portal PDK	7.10	Developer
Microsoft	Access ⁽¹⁾	2000 or later	Required as Necessary
Microsoft	Project ⁽¹⁾	2000 or later	Required as Necessary
Microsoft	Visio ⁽¹⁾	2003 or later	Required as Necessary

Note:

- 1) Indicates software licensed by Axon for use on Axon Consultant laptops

DPC will procure all licenses for software specified in the table above, both SAP and non-SAP, directly from the software providers. Licenses will cover DPC, City and Axon resources who are assigned to the Project and any other DPC staff as appropriate.

Access to DPC and City Personnel

DPC acknowledges that an important contribution to the success of a Project of this nature is the involvement of the appropriate DPC and City personnel at the appropriate times. DPC and City personnel, includes those personnel directly involved in the Project and those in the business areas and functions that will be impacted by the implementation of the in-scope DPC and City requirements. DPC will provide Axon with reasonable access to DPC and City personnel provided such access is reasonably requested and in a timeframe that is not unreasonable.

Office Space and Furnishings

DPC shall make available to the Axon personnel the following office space, furnishings, and storage space:

Infrastructure Requirement	Details
Office Space ¹⁾	<ul style="list-style-type: none"> ⊙ Project Room <ul style="list-style-type: none"> ➤ An appropriately sized, open-plan area to allow co-location of all DPC and Axon Project team members ⊙ Meeting & Syndicate Rooms <ul style="list-style-type: none"> ➤ An appropriate number of, appropriately sized dedicated Project meeting rooms to enable both regular project meetings and business related workshops

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Infrastructure Requirement	Details
	<ul style="list-style-type: none"> ➤ <i>Meeting rooms to be equipped with:</i> <ul style="list-style-type: none"> • Whiteboards & surfaces suitable for LCD projection • Conference call facilities ⊙ System & UAT Model Office Environment <ul style="list-style-type: none"> ➤ <i>Model office location appropriate to accommodate identified system and user acceptance testing teams</i> ⊙ Training Facilities <ul style="list-style-type: none"> ➤ <i>An appropriate number training rooms, located so as to be accessible to the target user community and fully equipped to allow delivery of the developed training materials</i>
Office Furnishings	<ul style="list-style-type: none"> ⊙ Desks ⊙ Chairs ⊙ Personal storage areas ⊙ Waste Bins
Office Infrastructure	<ul style="list-style-type: none"> ⊙ Each desk to have telephones with external dialing facilities ⊙ Each desk to have access to spare AC power sockets ⊙ Fax ⊙ Networked laser printers - >20 ppm <ul style="list-style-type: none"> ➤ <i>Color and Black & White</i> ⊙ LCD Projectors ⊙ Photocopiers ⊙ Stapling and binding equipment ⊙ Secure waste disposal facilities (e.g. shredders)
Office Stationery	<ul style="list-style-type: none"> ⊙ Access to supplies of standard office stationery

Note:

- 1) *All office space and furnishings are to comply with prevailing local health & safety requirements.*

DPC and City Facilities

DPC shall be responsible for provision of extended hours technical and infrastructure support (as necessary) in-line with the working hours of the Project team taking into account critical activities and any Project team resources working in other geographies.

DPC will be responsible for reasonable local and national access & communications charges of Axon personnel incurred in making calls from telephones at DPC or City facilities in the performance of duties under this Agreement. DPC will provide Axon personnel with appropriate computer network access to perform their duties at DPC facilities including but not limited to appropriate intranet, internet, and e-mail access. Axon shall be responsible for all other telephone and telecommunications usage charges incurred by Axon personnel.

Office space and furnishings will be reasonably commensurate with those facilities provided to DPC personnel working in similar roles.

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DPC will allow Axon personnel reasonable non-exclusive access to any premises controlled by DPC other than the Project facilities to the extent necessary for Axon to deliver obligations under the agreement. The access will be granted during the normal working hours for the relevant premises. If access is required outside the normal working hours for the relevant premises, Axon will arrange an appointment in advance with DPC in accordance with the procedures for the premises.

Unless otherwise agreed, Axon will be responsible for property that it brings onto DPC or City Facilities or other premises and will remove it when requested by DPC in writing. With the exception of Axons' laptops, Axon will be responsible for ensuring that such property is:

- ⊙ Clearly labeled as Axon property
- ⊙ Registered with DPC site security

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9 Axon Provided Materials

Axon Intellectual Property

The following table summarizes the key Axon developed intellectual property and knowledge capital which Axon will provide to support the Project. Where appropriate and available, Axon will make other developed templates and accelerators available to the Program.

Project Area	Axon Accelerator
Project Management	<p>Axon's Project methodology has been specifically designed to accelerate SAP implementation projects; as such there are numerous tools and accelerators embedded within the methodology. Within the context of Project management, these include:</p> <ul style="list-style-type: none"> ⊙ Project standards ⊙ Example/complete Roles & Responsibilities documents ⊙ Best practice Project management processes ⊙ Project governance models ⊙ Business Policy Change Key Decision Logs ⊙ Project Status Tracking including template for status report and earned value (progress vs. cost and schedule variance) reporting
APSE	<ul style="list-style-type: none"> ⊙ APSE Project Documentation Repository enabling key Project management processes including: <ul style="list-style-type: none"> ➤ <i>Deliverable status management</i> ➤ <i>Deliverable review & sign-off</i> ➤ <i>Issue & Risk Management</i> ➤ <i>Training Scheduling</i> ➤ <i>Communications Management</i> ➤ <i>Business Case Management</i> ➤ <i>FRICE-W Management</i> ➤ <i>Testing Management</i>
Project Team Knowledge Transfer	<ul style="list-style-type: none"> ⊙ Axon Training materials comprising: <ul style="list-style-type: none"> ➤ <i>MS PowerPoint slides</i> ➤ <i>MS Word exercises</i> ➤ <i>Configuration and training data loaded into Axon's demonstration and training SAP client.</i> ⊙ Project Team Training Needs Assessment Approach ⊙ Project Team Development Plans ⊙ Standard knowledge transfer materials ⊙ Project Mobilization training courses <ul style="list-style-type: none"> ➤ <i>Project Team Skills Training Courses</i> ➤ <i>Business Integration Workshop</i> ➤ <i>Methodology One Step Aheads</i> ➤ <i>Knowledge Transfer Plan templates for similar scope project</i>
Development Tracking	<p>To ensure the benefits associated with development are maximized Axon provides supporting management tools within APSE. APSE provides the following development tracking elements:</p> <ul style="list-style-type: none"> ⊙ Online functional and technical specifications, globally accessible ⊙ Status management of development items

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Project Area	Axon Accelerator
	<ul style="list-style-type: none"> ⊙ Responsibility management of development items ⊙ Development and programming standards <p>With these elements the management of the development process remains highly visible and under control at all stages of the Project while minimizing the time and effort in actually managing the development process.</p>
Integration	<ul style="list-style-type: none"> ⊙ Process Oriented Integration Approach and design repository (part of APSE) to fast track the development of quality interfaces based upon EAI and other integration technologies. ⊙ Interface Strategy and Plan templates ⊙ Interface Specification Template
Data Migration	<ul style="list-style-type: none"> ⊙ Data Migration strategy templates including specific data mapping templates for key master data objects (Materials, Axons, Assets, Personnel) ⊙ Education on LSMW and CATT, both included in the SAP toolset
Infrastructure	<ul style="list-style-type: none"> ⊙ Infrastructure sizing models ⊙ Best practice infrastructure design standards ⊙ Operational standards – e.g. batch job, interface management, house keeping etc. ⊙ Templated operating system & basis operating procedures and training courses
Testing	<ul style="list-style-type: none"> ⊙ Standard Testing Plans ⊙ Test strategy documentation and templates including structure methodology for test planning and documentation of scenarios, conditions and linking condition combinations into test cycles and scripts ⊙ Test Cycle and Script templates
Organizational Change	<ul style="list-style-type: none"> ⊙ Change Readiness & Cultural Climate Assessment Tools ⊙ Examples of SAP User Roles ⊙ Common Process to Role Mappings (Swim-lanes) ⊙ Integrated Authorization & Security Model ⊙ Template for Common Roles Leaflets & Handbooks ⊙ Template for Communications Material Content and Standards ⊙ Template for Transition Management deliverables
Training	<ul style="list-style-type: none"> ⊙ Training Needs Analysis Matrices ⊙ Job Role Matrices ⊙ Training Strategy and Plans

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10 Pricing and Payment

This SOW is developed in accordance with the Fixed Price arrangement between DPC and Axon.

Fixed Price

The amount payable by DPC to Axon pursuant to this SOW is **\$16,951,786** ("the Fixed Price") for the implementation of the Program scope and Deliverables with an optional component of **\$1,853,620** also on Fixed Price terms for the implementation of additional Program scope and Deliverables.

Price Payment Table

Milestone	Deliverable	Anticipated Date of Completion	Milestone Payment	Final System Acceptance Payment	Total Payment
1-1	Project Preparation Completion <ol style="list-style-type: none"> 1. High level scope and functional requirements documented. 2. Technical architecture approved. 3. Issue best practice stakeholder engagement strategy. 4. Propose best practice communications strategy. 5. Propose best practice change and training strategy. 	10/31/07	\$168,651		\$168,651
1-2	Requirements Workshops Completed <ol style="list-style-type: none"> 1. Detailed Project requirements documented. 2. SAP and legacy master data file maps. 3. Communications plan approved. 	12/15/07	\$724,796		\$724,796
1-3	Draft Blueprint Complete <ol style="list-style-type: none"> 1. Functional design validated. 2. Detailed hardware sizing complete. 3. Technical architecture 	01/31/08	\$851,716		\$851,716

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	<p>and hosting requirements documented.</p> <p>4. High level business change impact approved.</p> <p>5. Training strategy approved.</p> <p>6. Draft Business Blueprint report published.</p>				
1-4	<p>Blueprint Phase Complete</p> <p>1. Business Blueprint report approved.</p> <p>2. Functional enhancements and forms identified.</p> <p>3. Detailed common interface specification.</p>	02/28/08	\$678,720		\$678,720
1-5	<p>Realization - Baseline Configuration Complete</p> <p>1. Baseline system configuration complete.</p>	04/30/08	\$1,349,216		\$1,349,216
1-6	<p>Realization - Final Configuration Complete</p> <p>1. System configuration complete.</p> <p>2. Data migration tools unit tested.</p> <p>3. Integration test plan complete and approved.</p>	05/31/08	\$661,166		\$661,166
1-7	<p>Realization Phase Complete</p> <p>1. Integration test complete and approved.</p> <p>2. Detailed training plans approved.</p> <p>3. Training materials developed.</p> <p>4. Interface testing complete.</p> <p>5. Functional and technical specifications developed and approved.</p> <p>6. Enhancements complete</p>	07/31/08	\$1,451,399		\$1,451,399

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	and approved. 7. Output developed and tested. 8. Reports complete.				
1-8	User Acceptance Complete 1. UAT testing complete 2. Detailed transition plans approved.	08/31/08	\$697,176		\$697,176
1-9	End User Training Complete 1. Legacy data migrated and approved. 2. Stress test completed and approved. 3. Go-live decision approved.	09/30/08	\$683,091		\$683,091
1-10	Final System Acceptance 1. Stabilization plans approved.	11/30/08	\$850,539	\$901,830	\$1,752,369
1-11	Final Support Complete 1. Project closure approved.	12/31/08	\$239,285		\$239,285
2-1	Requirements Workshops Completed 1. Detailed Project requirements documented. 2. SAP and legacy master data file maps. 3. Communications plan approved.	02/15/08	\$663,194		\$663,194
2-2	Draft Blueprint Complete 1. Functional design validated. 2. Detailed hardware sizing complete. 3. Technical architecture and hosting requirements documented. 4. High level business change impact	03/30/08	\$748,267		\$748,267

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	approved. 5. Training strategy approved. 6. Draft Business Blueprint report published.				
2-3	Blueprint Phase Complete 1. Business Blueprint report approved. 2. Functional enhancements and forms identified. 3. Detailed common interface specification.	04/30/08	\$549,752		\$549,752
2-4	Realization - Baseline Configuration Complete 1. Baseline system configuration complete.	06/30/08	\$1,057,845		\$1,057,845
2-5	Realization - Final Configuration Complete 1. Integration test complete and approved. 2. Detailed training plans approved. 3. Training materials developed. 4. Interface testing complete. 5. Functional and technical specifications developed and approved. 6. Enhancements complete and approved. 7. Output developed and tested. 8. Reports complete.	07/31/08	\$566,371		\$566,371
2-6	Integration Test Complete 1. Integration test complete and approved.	09/30/08	\$1,054,111		\$1,054,111
2-7	Realization Phase Complete 1. Integration test complete and approved.	10/31/08	\$533,940		\$533,940

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	2. Detailed training plans approved. 3. Training materials developed. 4. Interface testing complete. 5. Functional and technical specifications developed and approved. 6. Enhancements complete and approved. 7. Output developed and tested. 8. Reports complete.				
2-8	User Acceptance Complete 1. UAT testing complete 2. Detailed transition plans approved.	11/30/08	\$407,656		\$407,656
2-9	End User Training Complete 1. Legacy data migrated and approved. 2. Stress test completed and approved. 3. Go-live decision approved.	12/31/08	\$458,215		\$458,215
2-10	Final System Acceptance 1. Stabilization plans approved.	02/28/09	\$663,442	\$744,755	\$1,408,197
2-11	Final Support Complete 1. Project closure approved.	03/31/09	\$246,652		\$246,652
Totals					\$16,951,786

Notes:

1. All invoices from Axon will be payable 40 days net.

Price Payment Table for Optional Components

Milestone	Deliverable	Anticipated Date of	Milestone Payment	Final System	Total Payment
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		Completion		Acceptance Payment	
3-1	Requirements Workshops Completed <ol style="list-style-type: none"> Detailed Project requirements documented. SAP and legacy master data file maps. Communications plan approved. 	11/30/08	\$195,724		\$195,724
3-2	Blueprint Phase Complete <ol style="list-style-type: none"> Functional design validated. Detailed hardware sizing complete. Technical architecture and hosting requirements documented. High level business change impact approved. Training strategy approved. Draft Business Blueprint report published. 	12/31/08	\$212,917		\$212,917
3-3	Realization - Final Configuration Complete <ol style="list-style-type: none"> Integration test complete and approved. Detailed training plans approved. Training materials developed. Interface testing complete. Functional and technical specifications developed and approved. Enhancements complete and approved. Output developed and 	02/28/09	\$496,492		\$496,492

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	tested.				
	8. Reports complete.				
3-4	Realization Phase Complete 1. Integration test complete and approved. 2. Detailed training plans approved. 3. Training materials developed. 4. Interface testing complete. 5. Functional and technical specifications developed and approved. 6. Enhancements complete and approved. 7. Output developed and tested. 8. Reports complete.	03/31/09	\$217,161		\$217,161
3-5	Final System Acceptance 1. Stabilization plans approved.	04/30/09	\$283,325	\$156,180	\$439,505
3-6	Final Support Complete 1. Project closure approved.	05/31/09	\$291,822		\$291,822
Totals					\$1,853,620

FRICE-W Hours not used

In the event that this Program scope does not require the use of all the FRICE-W hours allocated in Schedule 2 of this SOW, DPC may use these programming hours as a credit for other work.

Additional Services Rates

If any additional work outside of the Fixed Price becomes necessary a CR will be submitted by the requesting Party to the other Party. The Consulting Fees listed below will be used to compute the costs associated with the change.

Axon has developed the cost model based on a discounted rate card. Daily rates are based upon a standard 8 hour work day and do not include travel expenses, where required.

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**Axon Rate Card
(Not including expenses)**

Program Role	Published Rate (On-shore)	Discounted Hourly Rate (On-shore)	Hourly Rate (Off-shore)	Subcontractor Rate
Program Director	\$ 275.00	\$ 200.00	\$ -	\$ -
Project Manager	\$ 250.00	\$ 225.00	\$ -	\$ -
Solution Architect	\$ 231.00	\$ 200.00	\$ -	\$ 150.00
Project Office	\$ 100.00	\$ 67.50	\$ -	\$ -
Change Architect	\$ 250.00	\$ 180.00	\$ -	\$ -
Training Architect	\$ 213.00	\$ 157.50	\$ -	\$ -
Training Principal	\$ 181.00	\$ 150.00		\$ 187.50
Training Consultant	\$ 150.00	\$ 123.75		\$ 162.50
Role Analyst	\$ 150.00	\$ 112.50	\$ -	
Workstream Lead	\$ 231.00	\$ 200.00	\$ -	\$ 275.00
Senior Consultant	\$ 213.00	\$ 175.00	\$ -	\$ 250.00
Consultant	\$ 181.00	\$ 150.00	\$ 43.75	\$ 206.25
Reporting Architect	\$ 231.00	\$ 212.50	\$ -	
BW Principal	\$ 250.00	\$ 200.00	\$ -	
BW Consultant	\$ 231.00	\$ 181.25	\$ 43.75	
Technical Architect	\$ 213.00	\$ 175.00	\$ -	
ABAP Principal	\$ 175.00	\$ 156.25	\$ -	
ABAP Developer	\$ 144.00	\$ 112.50	\$ 34.38	
BASIS Consultant	\$ 188.00	\$ 150.00	\$ 37.50	
Data Migration Architect	\$ 213.00	\$ 157.50	\$ -	
Data Migration Consultant	\$ 144.00	\$ 112.50	\$ 34.38	

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11 Expense Policy

In the event that expenses need to be calculated in relation to any Project CR the following Expense Policy will govern the calculation of expenses.

General Principles

- ⊙ Axon will recharge expenses at cost to DPC
- ⊙ With regards to the Project, DPC's policies around expenses and Axon policies around expenses should be aligned such that DPC personnel and Axon personnel of similar or equal standing will be subject to the same or substantially similar policies.
- ⊙ Axon and DPC will work together to minimize overall program expenses.
- ⊙ A "per diem" policy will be used for daily incidentals such as meal costs etc. based on Government recommended per diem allowances. This is already part of Axon's internal expense policy.
- ⊙ Where appropriate and acceptable to the individual, consultants may relocate to San Diego for the duration of the Project. DPC and Axon will decide on a case-by-case basis what level of relocation funds DPC will reimburse to Axon, in return for Axon ceasing to charge any weekly travel expenses while working on site in San Diego.

Proposed Guidelines by Expense Category

With regards to typical expense categories, the following table outlines suggested policies / guidelines:

Expense Class / Item		Guideline
Travel		
1	Flights	⊙ Economy
2	Substitutions	⊙ Travel to / from an alternative location in place of another allowable expense <ul style="list-style-type: none"> ➢ Allowed if overall cost is equal to or less than flight being substituted.
Ground Transportation		
1	Car Rental	⊙ For Project team members on-site for 3 or more days in a week and not to exceed an average of one rental car per two Project team resources. Not to exceed \$80 per day.
2	Mileage	⊙ At agreed government rate <ul style="list-style-type: none"> ➢ Where travel is based on employee provided vehicle and only for travel to/from airport and / or to / from DPC sites. ➢ Agreed mileage rates to confirm to statutory / regulatory guidelines / requirements
Accommodation		
1	Long-term	⊙ Corporate apartments and / or long-term negotiated rates with hotel – with 3 months minimum and monthly renewal thereafter - for a Project team member who expected to primarily work at a specific location for a period of 3 consecutive months or more and who is not expected to be away from such location for more than 4 business nights in any given month.



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: November 20, 2008

TO: Honorable Members of the City Council

FROM: Mary Lewis, Chief Financial Officer *Mary Lewis*
Greg Levin, City Comptroller *Ch*

SUBJECT: OneSD Project Management Change and Axon Contract Termination

On Wednesday, November 19, 2008 the City Council was provided with a memorandum informing them of management's decision and rationale for terminating the contract held by our existing implementation services provider, Axon Solutions Incorporated (Axon). The City is terminating for convenience. During the next 30 days the City, DPC and Axon will be in settlement discussions.

This does not mean that the ONESD project will be interrupted. Notwithstanding difficulties encountered to date and the City's decision to terminate its contract with Axon, staff strongly believe that it is in the City's best interest to complete work on the OneSD initiative as a means of improving the City's internal control environment, enhancing the quality of the City's overall service delivery and reducing overall City administrative expenses over the planned life of the system. Considerable quality work has been completed on this project by City staff and Axon consultants.

The City is continuing the project and strengthening it by contracting directly with SAP to manage the project to completion. This decision was based on City staff's assessment that Axon's project management was not successfully leading the project and that the continuation of the contractual relationship with Axon could lead to possible cost overruns and missed deadlines.

A detailed report will be presented to City Council in January. In the meantime, Greg Levin, City Comptroller and Mary Lewis, Chief Financial Officer, are available to meet with you personally to discuss this change in project management.

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Honorable Members Of The City Council

November 20, 2008

The purpose of this memorandum is to convey to the City Council this change in the management of the integration of the ONESD project. We anticipate that many of the consultants who have been working with City staff will remain on the project and provide continuity.

We will negotiate and enter into a sole source contract with SAP via the San Diego Data Processing Corporation (DPC) for implementation services related to the City's OneSD initiative. Specifically, the City and San Diego Data Processing Corporation (DPC) are currently in negotiations with SAP - the solution manufacturer - to provide services necessary for the completion of the project.

As the solution manufacturer, SAP is uniquely positioned to resolve complex implementation challenges and to complete projects where previous efforts by other firms have failed to meet client expectations. In fact, several other local, state and federal government agencies have recently experienced similar implementation difficulties and have turned to SAP to resolve implementation issues.

These Agencies include:

- City of Portland, Oregon
- Tarrant County, Texas
- Minneapolis Public School District, Minnesota
- State of Washington
- Northern Kentucky University, Kentucky
- United States Postal Service
- Army Medical Material Agency

There are several other inherent advantages to retaining the solution manufacturer to complete this project. The engagement of SAP permits a direct line of contact to product development teams at SAP which will facilitate quicker resolution of product customization issues that are required because of business requirements unique to the City. Additionally, by virtue of being a large multi-national corporation, SAP is more likely to meet required staffing commitments for the project on short notice.

In addition to unique experience in remediating challenged implementation projects and the ability to bring proprietary expertise to the project, SAP and the City have an ongoing and productive relationship in several other areas. As part of the City's quality assurance efforts, SAP was contracted to provide the City with an assessment of the work performed through the period ended May 20, 2008 by Axon. The results of this assessment were provided to the City Council Rules Committee in July 2008.

By virtue of having worked with the City in the past on other initiatives and as part of the quality assurance process, SAP is uniquely positioned to understand the City's operating environment and possesses a robust understanding of the current state of the OneSD system configuration and implementation strategy. This knowledge enables the firm to step in quickly to minimize transition expenses and project delays.

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It is important to note that as part of its efforts to meet the recommendations contained in the Kroll report and related commitments to the United States Securities and Exchange Commission pursuant to a Cease and Desist order, the City has committed to implement the OneSD initiative no later July 1, 2009. Bringing in SAP as the software manufacture that has provided these quality control engagements with other cities and counties reduces the City's risk for missing this critical deadline or having the system upon go-live experience problems.

The decision to terminate Axon has been taken after attempting to remedy the difficulties City management identified and believe to have corrected in July 2008 with the implementation of a new project plan. Six weeks into the new plan and the go-live date of April 2009, it was apparent that Axon project management was not meeting deadlines and deliverables have been incomplete based on the contract. The City has been managing the contract and paying only for work completed; as a result, Axon has been paid only \$5.5 million out of the \$18.8 fixed price contract.

Project Finances

Through the end of Period four, the City has expended approximately \$15.5 million from all funding sources out of a total project budget of \$36.5 million. The remaining available budget on the project as of Period 4 is approximately \$21 million. In terms of the contract award to Axon, the City has paid approximately \$5.5 million of a total contract award to Axon of \$18.8 million.

Preliminary discussions with SAP have not resulted in a firm cost estimate for completion; however, it is clear that certain scope reductions may be necessary to stay within the project budget. Staff's objective in this process is to minimize to the extent possible cost overruns on a total project basis. We will have a complete status report in January that outlines the remaining integration costs and any changes to the integration project budget will be presented to City Council for their approval.

On a total project basis, the primary pressure on the total project cost has been City employee staffing costs which are anticipated to be higher as a result of schedule changes. The costs of City staff, however, have largely been budgeted in their retrospective departments along with the associated revenue reimbursement.

It is important to note that the funding source for this project has primarily been a lease financing arrangement; accordingly the project funding is not expected to significantly impact the General Fund budget. Additionally, we continue to be confident that the project will provide a net savings to the City over its useful life.

Timeline

Management currently anticipates that negotiations with SAP will conclude by December 5, 2008. This would permit us to finalize a proposed sole source contract for presentation to the

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Board of Data Processing Corporation (DPC) in open session on December 11, 2008. It is the City's practice to procure contracts for information technology services through DPC.

Staff intends to keep the Council apprised of the status of contract negotiations, project timelines and planned procurements. Staff will prepare a comprehensive report for City Council in January 2009 and are available for one on one meetings as requested by City Council members and the Independent Budget Analyst.

Mary Lewis
Chief Financial Officer

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cc: Honorable Mayor Jerry Sanders
Jay M. Goldstone, Chief Operating Officer
Andrea Tevlin, Independent Budget Analyst
Michael J. Aguirre, City Attorney

SAN DIEGO DATA PROCESSING CORPORATION

November 24, 2008

Mr. Steve Peck
Axon Americas
15 Exchange Place, 7th floor
Jersey City, NJ 07302

Re: Termination of Master Services Agreement, dated September 28, 2007 ("Agreement")

Dear Mr. Peck:

This letter serves as written notice to terminate the referenced Agreement between Axon Americas ("Axon") and San Diego Data Processing Corporation ("SDDPC"). Pursuant to Section 2, Duration and Termination, of the Agreement, the mutually agreed upon termination date will be at 11:59 pm on December 19, 2008.

Please contact the undersigned or Tom Fleming to prepare a transition plan to immediately address resources, preservation of documents and wind-down costs.

Sincerely,



Lori Jo Zehner
San Diego Data Processing Corporation
Procurement Manager
lzehner@sddpc.org
858.581.9570

Cc:

Tom Fleming, SDDPC President and CEO
Don Del Rio, SDDPC Corporate Counsel
Greg Levin, City of San Diego CPA Comptroller
Mary Lewis, City of San Diego, CFO

SAN DIEGO DATA PROCESSING CORPORATION
5875 SANTA FE STREET, SAN DIEGO, CALIFORNIA 92109, (858) 581-9600 FAX (858) 581-9606

From: Perez, Elena
Sent: Wednesday, November 19, 2008 4:43 PM
To: Srivastava, Stephen
Cc: Zehner, Lori Jo; Levin, Greg
Subject: Payment Milestone Status

Steve, per our earlier conversation of today with regards to end of calendar year project projections it was discussed that you would potentially have an additional 2-3 invoices prior to end of year if time permitted for the completion of the following outstanding items:

1) 1-4 Blueprint Phase I Complete	\$ 678,720
2) 2-3 Blueprint Phase II Complete	549,752
3) 1-6 Realization - Final Config Phase I	<u>661,166</u>

Total Potential Payment by 12/31/08: \$1,889,638

Thanks for this information and please let me know of any changes between now and December 31st.....e

Elena Perez
Project Manager - OneSD
City of San Diego
(619) 533-4881 - Off
(619) 533-4878 - Fax

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EXHIBIT 3
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8/18/2009